

SPEED WARTIME PRODUCTION

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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LEGAL ANSWERS . . . BOOKS . . . BANK CREDIT CLINICS . . . CONSUMER CREDIT**



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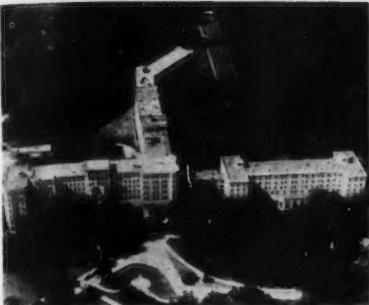
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Just a Minute



French Lick Springs Hotel

At French Lick

ON THE 19th of April, a date every schoolboy knows, the Executive Council of the American Bankers Association begins its annual Spring Meeting.

The meeting is being held at the French Lick Springs Hotel, French Lick, Indiana, April 19 to 22. The Homestead at Hot Springs, Virginia, had been scheduled as the scene, but it was unavailable.

The 1942 gathering of this group of bankers from every state, which might be termed the Association's directors, will be as important as any in A.B.A. history—and that goes back to 1875. The banks' part in financing the war is to be discussed, among many other things, including the Association programs that have been drafted to meet the exigencies of wartime.

Eyes Right

ONE glance to the right will establish visual contact with as eye-filling a Table of Contents as we've been privileged to publish in some time.

Its theme is "Speed Wartime Production." Maybe you'll be surprised at the number of things banks can do in that direction; anyway, you'll want to read our list, compiled from ideas sent by bankers all over the country. Confidentially, we haven't listed 1001 things—but the number we did round

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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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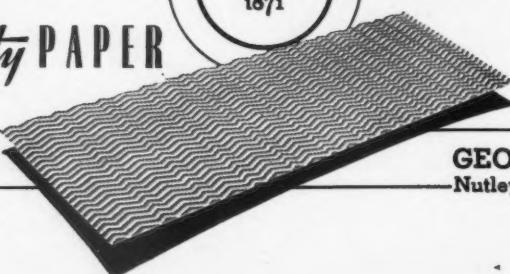
Suppose there were NO CHECKS

Suppose this country's vast monetary dealings now carried on with checks were abruptly shifted to a cash basis. Picture the effect on our war effort. Take, for example, the case of a Detroit company producing tanks, faced with the necessity of sending hundreds of thousands of dollars in cash to Pittsburgh in payment for steel . . . more dollars to Akron for rubber . . . to Bridgeport for brass . . . to Worcester for tools! Think of the precious time wasted—the economic loss. » » Today, over ninety per cent of the country's business is done by check. But when checks first

came into use, they were often viewed with suspicion, and were subject to fraudulent alteration. It was to protect the public against check frauds that Safety Paper was invented by George LaMonte. And for seventy-one years this Company has been making LaMonte Safety Paper for checks and other negotiable documents. » » LaMonte Safety Papers are, for

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LA MONTE *Safety* PAPER



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JUST A MINUTE—Continued

up is impressive. Next month we hope to have more along this line; probably the material will be in the nature of reports on case histories of what banks have actually done to speed the wartime effort on its many and divergent fronts.

Banking Tools

IN another article, G. FRED BERGER, who for several years has conducted BANKING's annual conference of equipment manufacturers, goes to work on the situation that confronts banks with a bigger job to do and fewer tools to do it with. The answer seems to be conservation—careful use of machines and supplies at hand.

And conservation is the burden of the compilation of working ideas that occupies several other pages.

Another Credit Clinic

AT Chicago's Stevens Hotel, April 15-17, bankers from the Middle West will have an opportunity to participate in a bank credit clinic, arranged by the American Bankers Association.

The three-day conference is similar to the meeting held in New York last month, attended by over 1,000 bank people from New England and the Middle Atlantic states.

The Chicago program devotes one day each to agricultural credit (Food-for-Freedom), consumer credit, and commercial (war production) credit.

For more about the Chicago gathering, see News Paper, page 95.

The editorial below appeared in a recent issue of the newspaper published by The National City Bank of Cleveland

ARE YOU AFFLICTED WITH WAR WORRY?

Many of us in these trying times are inclined to worry about some loved one in the Service — a father, a brother, a husband or a sweetheart.

It's all right to be concerned about their safety, but worry will not help. Remember that when they were in civil life they took risks every day — every time they went on a boat, a plane, or got into an automobile, or crossed a traffic-laden street, they were risking something.

Remember too, that in any war, most of the men come back in good condition, — many of them in better condition than when they left.

We should, in these times, keep ourselves so busy that we will have no time for worry. There are scores of things we can do as civilians to back up our men in the Service. When we write letters to them, we should not let the note of worry creep in, but be optimistic and cheerful. The last thing they need is pessimism and gloom. The morale of an Army or any fighting unit is always determined by the morale of the folks back home. Do your share in keeping up civilian morale by keeping up your own morale, and above all

DON'T WORRY!

Dickens on America

THE result of Mr. MACGREGOR's researches into Charles Dickens' first American visit might be titled "Our American Cousins, or What a Whale of a Difference a Hundred Years Make."

As is too well known to need repetition here, the distinguished novelist came and saw and wasn't particularly impressed. After all, we were a bit crude and rough, no doubt; but of course Mr. Dickens could have been more polite.

Anyway, we offer Mr. MACGREGOR as a pleasant interlude in this business of war-reading.

Finance Is Essential, Too

COMMENTING on "The Banker in Wartime," prepared by the A.B.A. Economic Policy Commission, the *New York Times* said editorially that the statement "offers reassuring proof that the banking community is alive to the task before it."

"We have been reminded so often in this war," said the *Times*, "that men and materials take precedence over money that there is a tendency to go to the extreme and assume that finance no longer counts. The fact is that finance is an essential instrument whereby the resources of a country are mobilized for war and the enormous process of production, transportation and exchange of goods is facilitated.

"Fortunately the banking community is fully alive to the magnitude of the job that confronts it, as has been shown in the discussions at the current conference here of the American Bankers Association. The Economic Policy Commission of the A.B.A., under the chairmanship of W. RANDOLPH BURGESS, has drawn up an illuminating statement of the bankers' role in wartime. It includes not merely the financing of the war and war production but the great, complex job of keeping the economic machine going and preserving a sound banking system to meet the task of post-war reconstruction.

"The size of the bankers' job is illustrated by the one problem of government financing. Even with the huge tax program just outlined by the Treasury, it will be necessary for the Government to borrow close to \$40,000,000,000 in the coming fiscal year. A part of the banks' work will be to push the sale of Defense Savings Bonds and to help maintain a broad market for government securities. But when the utmost has been done to sell Defense Bonds and place the Government's securities

(CONTINUED ON PAGE 5)

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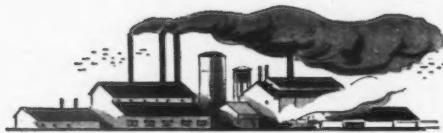
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JUST A MINUTE—Continued

with insurance companies, savings banks and other institutions, it is likely that the commercial banks will have to absorb from \$20,000,000,000 to \$25,000,000,000 of government debt in the coming year."

This, observed the *Times*, "is a staggering task," but only part of the bankers' job. They must also finance industry's biggest assignment and at the same time keep the usual banking machinery running smoothly—all in all, "a great responsibility," but (as mentioned above), the A.B.A. group's statement is evidence that the bankers are ready.

"The Banker in Wartime" was published in the March issue of BANKING.

The Reverend Roop, Bank President

ELSEWHERE in BANKING is the story of a minister who is also a bank president.

Your reporter cornered him at the recent credit clinic in New York and got some facts about this unusual man who seldom misses a meeting of the American Bankers Association and who's always to be found in the front row taking notes.

The point this department wishes to emphasize is the note-taking. Of course many bankers do the same thing, but we've seen none more attentive or interested than the Reverend Mr. Roop of Westminster, Maryland.

It seems that as soon as he gets home from a conference there's a meeting of his bank's board, and the president gives a full report on the program, summarizing (from his notes) important speeches for the benefit of the directors who didn't have the opportunity to hear them.

Unlike Mr. Roop, we neither write sermons nor preach them, so we'll stop right here.

Our Own War Department

WE HEARD some pleasant things said about the "Victory Is Our Business" section in the March number, and this month sees a continuation of this pictorial and textual coverage of what banks are doing to help win the war.

May we reiterate that this is intended as a clearinghouse of ideas wherein banks can exchange suggestions on ways and means—old or new—of extending their services to the nation.

This month's section contains, among many other things, a timely account of some payroll savings plans for Defense Bond purchase.

"Under Control"

Few things are under control these days, but check expense happens to be one of them, especially in banks where the Personalized Check Program is being enthusiastically followed. Not only has net check cost been reduced, but more customers have been pleased with the high quality imprinted checks, being made available to them at attractive prices.

customer can mount too rapidly. Selling Personalized Checks to new accounts saves the cost of stock checks, pass books and leather covers. For as little as \$1.25 your customer can get 200 imprinted checks on National Safety Paper, and—on his initial order without extra cost—a genuine leather cover with his name in gold.

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The Other Minute Man

MORE familiar than the above soldier, in these days of Defense Bonds, is the Minute Man with the plough at Concord's North Bridge, for he has been adopted as America's symbol of freedom.

But ours is a bona fide Minute Man, too. In fact, chronologically speaking, he's Minute Man No. 1 because he stands on Lexington (Massachusetts, of course) Green where the first shooting took place on that 19th of April. He commemorates Captain John Parker and his militiamen.

Food-for-Freedom

THE following letter was received by W. W. Campbell, president of the National Bank of Eastern Arkansas at Forrest City, one of the bankers who helped the A.B.A. Agricultural Credit Department get out its manual "How Banks Can Assist in the Food-for-Freedom Program." Mr. Campbell's correspondent was Lugenia B. Christmas, Negro home demonstration agent, St. Francis County, Arkansas.

Many of the 2,095 Negro boys and girls who are 4-H Club members in the county want to grow poultry or garden stuff as their "Food-for-Freedom" contribution, and Agent Christmas suggested that if the banks in the county were to establish "a poultry loan," it would aid the children's efforts.

"In gardening, we have a group of girls and adults, as well, who are willing to grow tomatoes and other vegetables sufficient for home use and a surplus to sell, but the marketing outlook is not very encouraging. Their facilities for storage are inadequate. If the banks could aid in any way in relieving these conditions, they would do much to encourage these activities."

AMERICAN BUSINESS *Looks Northward*

Many American banks, firms, corporations and individuals are now looking northward, because their business is flowing over the Canadian border in greater volume than ever before. World War II has given tremendous impetus to American-Canadian trade.

This means increased banking activity between the two good neighbors, albeit under more difficult conditions than in normal times owing to the necessary wartime restrictions on foreign exchange.

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THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

THE OUTLOOK. The third and next step in speeding the production of war goods should be to simplify to a much greater extent than has already been done, the machinery of administering priorities, prices, purchases and the whole productive equipment of the country. A great deal has been done in this direction but not nearly enough, if we hope to reach a victory tempo this year. The second and present phase of the armament program is the intensive drive to hurry production by what might be called morale-boosting, psychology and pleading with ourselves. The first phase was the period just passed when we relied on the outpouring of dollars and the pressure of spending to accomplish the task.

At this stage perhaps no single thing could be done to release productive energy more effectively than the development of a plan that would reduce to an absolute minimum the torrent of paperwork, forms, orders, rulings, regulations, interpretations, re-interpretations and amended amendments which now consume so much valuable time of management.

There is a point where the planning of every buttonhole and shoelace in the business life of the country begins to defeat its own purpose, where theory and reality separate and the plan becomes so mechanically fascinating that it does everything but work.

BEGIN AT THE BEGINNING. It is no secret where things are made and who knows how to make them. We know too that we want planes, tanks, ships, munitions and supplies for the armed forces. Without getting up off your sofa it should be possible to determine fairly well

just which individuals and organizations in this country have what it takes to make what we want.

To a considerable extent this has already been done but it is incredible that we must have such a vast maze of supervision touching every little detail of our personal and business existence in order to manufacture the things and grow the food to win the war.

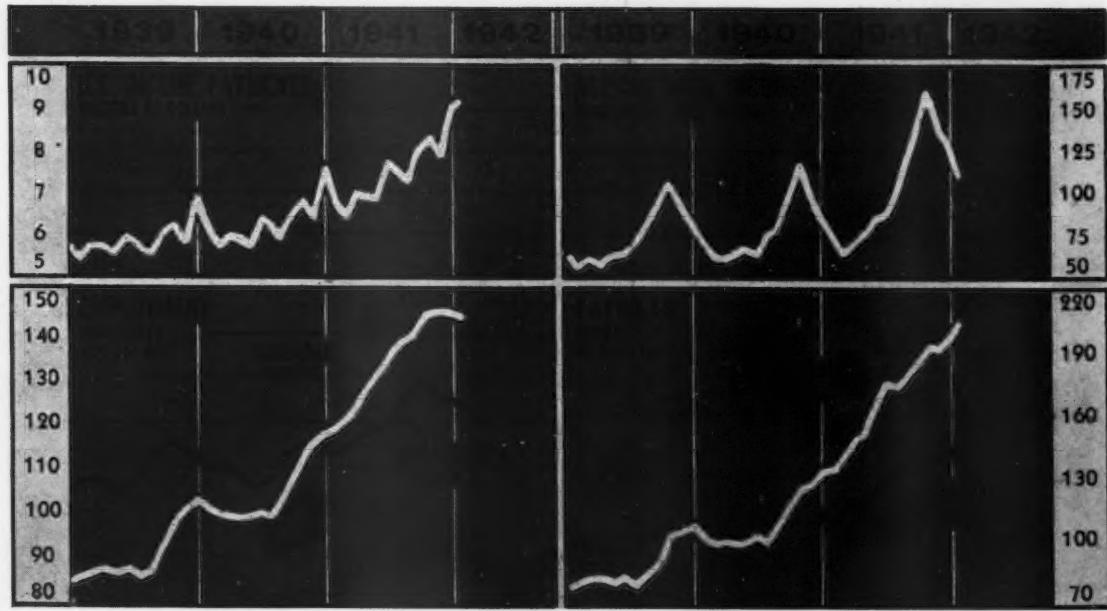
Theoretically the Government's careful rules affecting the production, prices and priority status of thousands of items are simple and reasonable if we consider each one individually, but when they are all added together they make a witch's brew.

SOME PREDICTIONS. Ordinarily in times like these forecasting is like shooting at the moon, but because of the fact that this country has dedicated itself to the one aim of winning the war and we know a little about where we are going, it may be possible to venture a few predictions. They are based on the assumption that we intend to win the war regardless of 40-hour weeks and ping-pong coordinators.

1. War production will increase faster than we are daring to hope in our present deflated condition, and the methods by which this prodigious expansion will finally be accomplished will resemble very much those which in the half-century or so ending around 1930 made this country the leading producer of the world.

The steps required to speed production are well known, obvious and all within the realm of possibility. It might seem at times from things said and done on behalf of the speed-up program that there is something mysterious about industrial strategy and that the whole procedure is a phenomenon not really under human

The War Years



control. It is true that ballyhoo, morale, exhortations and threats play an important part in stimulating production, but after all, the amount of goods actually delivered depends on such practical and unmysterious things as contracts, financing, construction, hours, costs, transportation and trained men.

2. There will be less and less heard about the Government "taking over" industry and everything, because the process has already gone farther than is generally realized and too far in some instances for the good of the production program. Any more taking over would be the worst thing that could happen to labor and management and production.

Instead of "taking over" we would accomplish our purpose better by giving wholehearted governmental support to present management in matters relating to wages, hours and production schedules.

3. The practice will be more and more toward paying higher for extra effort and extra results. Bonuses for companies making outstanding records of quality and delivery, and rewards for good workmanship on the basis of how much a man does instead of what organization he pays dues to, will become the accepted way of stimulating output. The decision to place contracts

by negotiation instead of bids is a long step in the direction of getting speed and quality first and cost second.

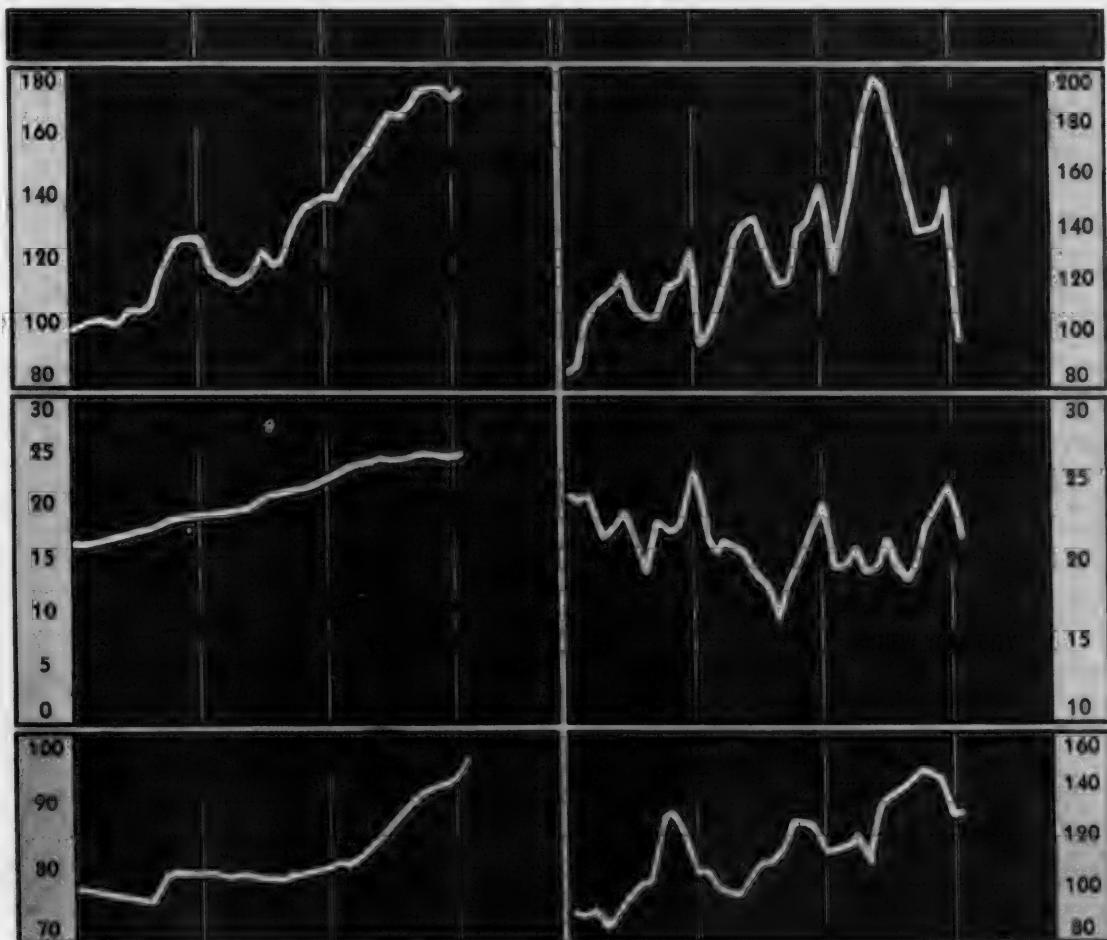
4. General policy-making on war production will be as centralized as ever, but the million and one details of administration will be decentralized to the point where they can be handled and understood by ordinary people.

A larger degree of autonomy and self-policing will be permitted and encouraged within various business and industrial groups, and there will be less need for getting several thousand dollars' worth of official permission in order to buy a spring for an adding machine.

5. Ceilings placed on wages and prices, without exceptions, will simplify the otherwise impossible problem of enforcement. Meanwhile a real effort will be made to stamp out the commodity bootlegger who already threatens to upset arrangements for rationing products and materials, notably tires.

6. More and more information on war production will be available so that the business community and public generally will know what to do and how we are doing. Business does not mind being told what to do. The difficulty for the average run-of-the-mill business man has been in not knowing what to do and in not knowing where to turn to find out.

The War Years



The National Prospect



The Washington news in The National Prospect is reported for BANKING by HERBERT M. BRATTER.

Washington, D. C. FHA recommends essential repairs

ALTHOUGH HOME repair work for luxury purposes must be postponed, essential repairs to maintain health and sanitation should be continued during the war, the FHA has stated. It has advised all institutions making Title I modernization and repair loans, that the insurance facilities of the FHA under Title I should be available only for loans used in defense areas to create additional dwelling units suitable for war workers, or for loans used to maintain existing properties in habitable condition.

Abner H. Ferguson told the Credit Clinic of the American Bankers Association in New York that modernization loan credit must be used with discretion, "like rubber and sugar," since the production of arms requires many of the materials ordinarily used in housing. He added that the bankers should maintain and guard their facilities for making this type of credit for use when normal times return. Private investment in housing is an obligation of American business, Mr. Ferguson added, since a great many houses are needed quickly for our production forces.

Necessary home repair and home financing in defense areas are safe channels of investment, Mr. Ferguson said, and providing financing for them is a definite contribution to the war effort.

New-type Treasury bonds

ONE OF THE powers asked for by Secretary Morgenthau, when he was seeking an extension of the debt limit to \$125 billions, is the power to issue Treasury marketable securities on a discount basis or on a combination interest-bearing and discount basis.

The Secretary explained: "At the present time we have authority to issue regular marketable securities on a discount basis only if the maturity date is not more than one year after their date of issuance. We also have authority to issue savings bonds on a discount basis. But this additional authority would give the Treasury more flexibility and permit it to design its issues to conform more closely to the investment requirements of particular classes of purchasers."

Under the expanded powers, the Treasury, if it wishes, may issue to banks, insurance companies or others long-term discount bonds redeemable at any time at the holder's option at a graduated scale of maturity values, just as are defense savings bonds. In other words, there would be no fluctuating market price for such securities.

Alien property custodian

THE QUESTION of alien property custodianship, after flitting back and forth

between the Justice and Treasury Departments, has finally been settled by an Executive Order setting up the Office of Alien Property Custodian in the Office of Emergency Management. Leo T. Crowley, without discontinuing his chairmanship of the FDIC and of the Standard Gas and Electric Company, will serve as Custodian.

Foreign funds control, "freezing," remains for the present with the Treasury, but Mr. Crowley has the power to take over from the Treasury control of any alien property or interest therein which has been under Treasury control.

Regulation W is amended

AS A FURTHER step in restraining the expansion of instalment credit at this time, the Board of Governors of the Federal Reserve System adopted Amendment No. 3 to Regulation W, effective March 23. The principal changes made by the amendment are:

The standard maturity is reduced from 18 to 15 months for all credits subject to the Regulation, except credits for residential modernization, plumbing, furnaces, water heaters, water pumps, and pianos, all of which may still be for 18 months.

The down payments are increased from 20 per cent to 33½ per cent on refrigerators, washing machines, ironers, vacuum cleaners, electric dishwashers, room unit air conditioners, sewing machines, radios and phonographs, and musical instruments. On home air conditioning systems and attic ventilating fans, the down payments are increased from 15 per cent to 33½ per cent, and

(CONTINUED ON PAGE 12)

THE TREASURY'S BIG THREE

Secretary of the Treasury Morgenthau, center, with Undersecretary Daniel Bell, right, and Randolph Paul, tax advisor to the Secretary, as they appeared before the House Ways and Means committee recently



HARRIS & EWING

★ Priorities

★ Allocations

★ Price Control

CCH WAR LAW SERVICE

LOOSE LEAF — ALWAYS UP-TO-DATE

To win a war business is operating under a new set of "rules," emergency regulations, wartime controls, different today than yesterday, changed again tomorrow.

Accordingly, complete, accurate and up-to-the-minute information in this fast-moving new field of "war-born" regulation has become almost an everyday necessity for bankers everywhere.

The CCH WAR LAW SERVICE swiftly reports and organizes for easy reference the laws, regulations, rulings, forms and orders on such vitally important subjects as priorities and preference ratings, allocations, price control, government contracts and purchasing procedure, amortization, and the like. Thoroughgoing, right up-to-date always, this rapid-fire CCH loose leaf law reporter brings subscribers full, continuing and authoritative facts and data, and dependable guidance, just when needed most.

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PREPARED - strong reserves



PREPAREDNESS is not a new word to those responsible for the development of these two strong American fire insurance companies. Policyholders' security has always come first in their conduct of business.

So today the financial statements of these companies disclose these things—a high degree of liquidity, strong reserves, high-grade investments, all of which are strong preparedness measures.

MILLERS NATIONAL
Insurance Company
ILLINOIS FIRE
Insurance Company
HOME OFFICE, CHICAGO

Liberty String Binders MEET THE EMERGENCY

HELP CONSERVE RUBBER

by using the most efficient method for packaging and tying all kinds of small forms. Thousands of large houses and business concerns have been using Liberty String Binders for years. Now they are even more vital to the storage of small records than ever before.

Tying with ordinary string is tedious... rubber bands not break... and besides they will become increasingly hard to get. Let Liberties do the job.

Checks, Deposit Slips, Vouchers, Sales Slips and any other small forms can be packaged securely and quickly without tying.



AVAILABLE PLAIN OR PRINTED

Cost less than 2c each in quantities of 250 or more

Free Samples ALL STYLES

Write now for full information about this economical packaging method. Just attach this ad to your letterhead and mail today.

BANKERS BOX COMPANY
536 S. CLARK STREET • CHICAGO, ILL.

★ ★ ★ KENTUCKY



TENNESSEE ★ ★



PROVIDING INVESTMENT CAPITAL To The East South Central States

"WAY DOWN SOUTH," though still a land of cotton, is now also a land of diversified agriculture and, increasingly, one of diversified industry.

With exceptional gulf and river transportation, rich mineral and forest resources, cheap fuel, advantages of native labor, equable climate, cheaper construction and lower living costs, recent acceleration of industrial activity in this section promises important further development.

Lacking large financial reserves of

their own, these States, like other developing areas, have turned in part to investment organizations such as our own for assistance in financing their growing requirements — both corporate and municipal.

In the course of its nationwide activities, Halsey, Stuart & Co. Inc. has participated as an original underwriter in about 100 bond issues, totaling over \$250,000,000 of corporations and municipalities in the East South Central States.

Seventh of a Series of excerpts from our brochure, "Providing Nationwide Investment Capital... 1903-1941," a copy of which will be sent upon request.

CHICAGO, 201 S. LA SALLE STREET • NEW YORK, 35 WALL STREET • AND OTHER PRINCIPAL CITIES

HALSEY, STUART & CO. INC.

NATIONAL PROSPECT—Cont.

on furnaces, water heaters, water pumps and plumbing, from 15 per cent to 20 per cent.

The following articles are added to the list, with 33½ per cent down payment required: bicycles, lawn mowers, silverware and photographic equipment. The following are added to the list, with 20 per cent down payment required: clocks, watches and floor coverings.

Any lender or vendor who becomes subject to the Regulation because of the addition of articles is given until June 1 to register with the Federal Reserve bank in his district. These new registrants are granted a general license between March 23 and June 1.

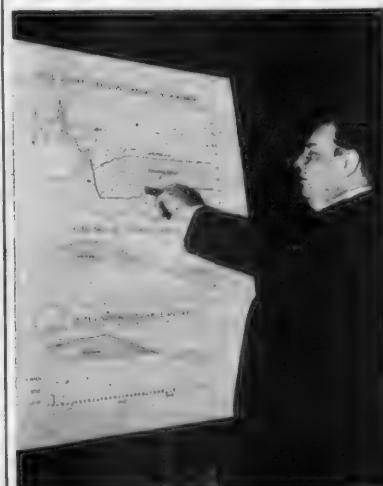
After April 1 the credit value of a used automobile, instead of being based solely upon the purchase price, is to be based either upon the purchase price or upon the average retail value as stated in such automobile appraisal guides as may be designated by the Board, whichever is lower.

Taxability of Federal-agency dividends

IN ASKING extension of the public debt limit to \$125 billions, the Administration also asked that dividends on future issues of stock of Federal agencies and instrumentalities have no tax exemption. Dividends which would be affected by this proposed change include those on shares of the Federal Reserve banks, Federal Land banks, Federal

RUBBER

Price Administrator Leon Henderson, below, told the Senate Defense Investigating Committee that the rubber requirements for the United Nations will not "allow a single pound" for America's 30,000,000 automobiles.



Union Calendar No. 668

The CONGRESS
H. R. 6691

[Report No. 1876]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 1942

Mr. DOUGLASS introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 6, 1942

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

To increase the debt limit of the United States, to further amend the Second Liberty Bond Act, and for other purposes.

- 1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
- 2 That this Act may be cited as the Public Debt Act of 1942.
- 3 See 2. Section 21 of the Second Liberty Bond Act, as
- 4 amended, is further amended to read as follows:
- 5 "SEC. 21. The face amount of obligations issued under
- 6 the authority of this Act shall not exceed in the aggregate
- 7 \$125,000,000,000 outstanding at any one time."

H. R. 6691

The first page of the bill increasing the debt limit of the United States to \$125,000,000,000

Intermediate Credit banks, Federal savings and loan associations, National mortgage associations, National farm loan associations, etc.

Lend-lease

MORE THAN one-third of the country's war appropriations are for lend-lease, authorizations for which now exceed \$47,400,000,000. Disposal of lend-lease material is determined by the President. More than two-thirds of the \$47,400,000,000 was authorized after the Pearl Harbor bombing.

Excess profits

SENATOR TAFT of Ohio calculates that the Treasury's corporation tax proposals will deprive a widow now receiving \$2,500 a year in dividends of more than half her income, whereas a recipient of \$2,500 derived exclusively from bond interest or from wages, will pay only \$200. In other words, the Senator makes the point that our system of corporation taxes involves heavy double taxation.

Federal building policy

NO FEDERAL FUNDS will be allotted for the construction of a permanent building under the Defense Public Works program if a temporary or semi-permanent one will suffice, the Acting Federal Works Administrator has announced. He stated:

"Public works are now being handled on a full scale wartime basis. There will be no more permanent building construction, even though the applicant proposes to contribute the full amount of the difference. All frills and doodads are out for the duration. Henceforth, except where a structure is an addition to an existing facility, negotiations will



Lockheed Defense Bond Displays

...ON THEIR WAY

Lockheed's traveling Defense Bond displays are making their first appearance in bank windows and lobbies all over the country. They are attracting crowds on bank corners in large and small cities alike with interesting information on how Defense Bond dollars are spent to build hard-hitting airplanes for our armed forces.

NOT TOO LATE TO TAKE ADVANTAGE OF OFFER

Hundreds of banks have already jumped at this free offer to supply them with a Defense Bond display, featuring an accurate model of Lockheed's P-38 Interceptor Pursuit with information on how it is built. Those who have received it, praise its traffic stopping and selling ability. It is not too late for your bank to be put on the list.

Write the Sales Promotion Department B-2, Lockheed Aircraft Corporation, Burbank, California for further information.

LOCKHEED AIRCRAFT CORPORATION • Burbank, California

Guth

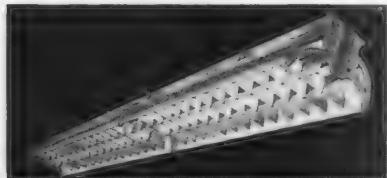
Fluorescent LIGHTING VITAL Equipment FOR THE ARMY THAT WORKS INDOORS!



In factories, in drafting rooms, in warehouses, in offices—this is a war of nerves. Long, extra hours of eye-strain can greatly hinder America's productive efficiency—commit unintentional but damaging sabotage through errors, spoilage and waste.

You can do more work—better work—and enjoy all the other tremendous benefits of clear, effortless seeing with the help of GUTH Fluorescent Lighting. Users are proving this statement daily, attesting to better morale and greater working comfort—with efficiency up 15% and more in many cases.

Write us today for sound engineering advice on modern lighting—with-out obligation, of course.



The biggest part of GUTH Lighting Equipment is now produced for wartime purposes.



be opened on the basis of simplified standard plans of the Federal Works Agency. Use of steel and other critical materials needed for arms production will be reduced to an absolute minimum."

The following types of projects directly attributable to war activities are eligible: Schools, hospitals, health centers, detention hospitals, fire department buildings and certain equipment except radio equipment, recreation buildings, water and sewer facilities and maintenance and operation of schools and hospitals where necessary.

Nelson on financing of business

BANKERS WHO want to know what Washington officials are saying about the financial needs of small contractors will be interested to read Donald Nelson's testimony before the Senate Banking and Currency Committee on the Murray Bill S. 2250.

In the course of his statement, Mr. Nelson said: "I believe that it is absolutely essential in tackling a small business program that there be a method of financing set up through some means, either through the RFC or in some other way. . . . Small business realizes that it is not a banking proposition, it realizes that its loans are not, in effect, hard and fast loans, but are speculative . . ."

Little fellow's tax burden

To show how heavily taxed the small fellow already is, Secretary Morgenthau in opposing a suggestion that every dollar of individual income be taxed cited the following figures:

Estimated average federal, state and local tax burden on a single person with a \$750 income and on a married couple with a \$1,500 income

Taxing body	Total tax burden			
	Amount	Per cent of income	Single person, couple, \$750 income	Married couple, \$1,500 income
Federal government	\$52	\$97	6.9%	6.5%
State governments	31	61	4.1	4.1
Local governments	47	92	6.3	6.1
Total	130	250	17.3	16.7

Trend toward cheaper homes

THE TREND in residential building toward reaching families of lower incomes was accelerated during 1941, the FHA announced. Gains were registered in income groups below \$2,500, while there was less financing of homes under the FHA plan for families in income categories above that figure.

More than 34 per cent of all new single-family homes financed by mortgages insured under Title II of the

(CONTINUED ON PAGE 16)

Insurance on personal loans is economical protection both for the lender and for the borrower.



The largest independent company exclusively insuring the lives of borrowers.

309 W. Jackson Blvd., Chicago, Illinois

THE NEW YORK TRUST COMPANY

Capital Funds . \$37,500,000

100 BROADWAY

MADISON AVENUE
AND 40TH STREET

TEN
ROCKEFELLER
PLAZA



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BUY
DEFENSE
BONDS
★

Member of the Federal Deposit Insurance Corporation

BANKING

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FOR

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ARE YOUR
LOAN RECORDS
A HEADACHE?



If your Loan Department has "just grown", like Topsy, with the system "stretching" to meet each new problem—it's time to change the fundamentals. INVESTIGATE:



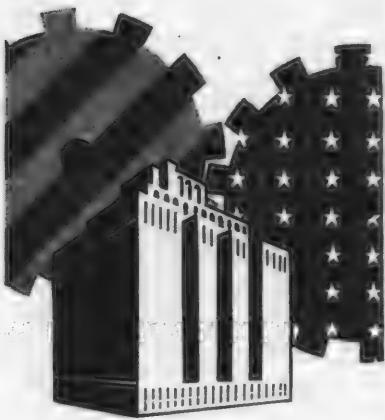
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A COMPLETE SYSTEM which brings the efficiency of modern methods to the Loan Department. For complete information, write to:

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VISIT OUR DISPLAY AT THE ABA CREDIT CLINIC, STEVENS HOTEL, CHICAGO

APRIL 15, 16, and 17



Gearing The Stevens to the National Effort

- ★ The National Effort is the sum total of ★ the work put out and attitude adopted by 130 million Americans toward ★ winning this war.
- ★ As an institution serving these Americans, the friendly Stevens has without delay, geared itself to the National Effort. No time was lost in the establishment of a Stevens Hotel Washington Office—for the sole purpose of helping executives in government service and officers in the armed forces make arrangements for hotel guest and meeting rooms, conferences and conventions in Chicago.
- ★ The Stevens considered readiness to facilitate travel between Washington and Chicago no more vital to the National Effort than to marshal the 1500 Stevens employees under a Pay Roll Allotment Plan for the purchase of United States Savings Bonds. With organized work and patriotic attitude, almost \$155,000 worth of bonds and stamps have been bought by employees, guests, and The Stevens Hotel.
- ★ Time is short, they tell us in Washington. Indeed it is, and we at The Stevens are doing everything in our power to conserve, to help, to facilitate, to contribute: in short, to gear our hotel to the National Effort.

**THE
Stevens
CHICAGO**

★ JOSEPH P. BIHNS, GENERAL MANAGER ★

NATIONAL PROSPECT—Cont.

National Housing Act were purchased by families with annual incomes of less than \$2,000. This compared with 28 per cent in 1940, 25 per cent in 1939, and 20 per cent in 1937. Approximately 64 per cent of the purchasers of new homes in 1941 had incomes below \$2,500, compared with 57 per cent in 1940, 52 per cent in 1939, and 44 per cent in 1937.

About that "Title IV"

REPRESENTATIVE GORE of the Banking and Currency Committee does not fear the authorization of direct sale of Treasury securities to the Federal Reserve System. He "welcomed" it. Mr. Gore believes this power will be used wisely. To a bankers' group he stated:

I hope that the authorities will freely use this power when advisable in the national interest, and that they will not adhere too closely to the practices of the past.

Quite without any knowledge of any such intention on the part of any official, it is my personal viewpoint that all Government issues not sold directly to savers should be taken by the Federal Reserve System directly, at a stabilized rate, and through the Federal Reserve System be filtered and released into our banking system in an orderly manner. This nation's credit is good. Why, then, should we permit sporadic and disturbing fluctuations . . .

No war of recent times has been lost from a lack of money, and we will not be the loser in this conflict because of a shortage of money. Many people have abhorred the use of central bank credit expansion by other countries. I hope it is clear from this discussion that the extent to which we will resort to central bank credit expansion will depend upon: (1) the amount of taxation; (2) the amount of bond sales to investors other than banks; and (3) the extent to which the nation's banking system participates and cooperates with the Government's fiscal and monetary program.

Application of Wage-Hour Law to Bank Employees

A release from the Administrator of the Wage and Hour Division of the U. S. Department of Labor stated that: "Employees of ordinary mutual savings banks, as well as employees of commercial banks, are engaged in activities which are directly connected with and necessary to the conduct of interstate business, and are therefore entitled to the benefits of the minimum wage and overtime provisions of the Fair Labor Standards Act."

Housing rehoused

THE PRESIDENT has ordered the merging of some government agencies. In the housing field, 16 agencies have now become parts of one, the National Housing Administration,—not that it's any easier now for newcomers to find a place to live in Washington.

The new National Housing Administration, under John B. Blandford, Jr., took over the housing functions of the Federal Loan Administrator, the Federal Works Administrator, and the Coordinator of Public Housing. Under Mr. Blandford, each headed by an administrator, are the FHA, the Federal Home Loan Bank Administration and the Federal Public Housing Authority. The latter includes functions of the old USHA, Defense Homes Corporation, non-farm public housing section of the Farm Security Administration, and defense public housing.

PREPARED

The staff of the First National Bank of Richmond located on the east shore of San Francisco Bay will not be caught napping should enemy air raiders appear. Shown wearing helmets, below, the officers and staff will use the bank's two big vaults as shelters, and buckets of sand and rescue tools for any emergency



PRESS ASSOCIATION
BANKING



LOOK CAREFULLY!

... will that mortgage be
protected with rustless metals . . .

In a pre-war house, look especially for non-rust copper or brass plumbing pipe, for copper flashings, gutters and leaders; for bronze screening and a hot water tank of Everdur* copper-silicon alloy. These Anaconda Metals naturally make any house a more desirable investment and a sounder mortgage security. This is so because copper and brass eliminate the need of expensive repairs or replacements due to rust.

In houses built under present war conditions, you will not find copper and brass. The reason is plain: our

war program requires tremendous quantities of copper and copper-alloys for munitions and other vital war applications.

For the future though, remember that the house in which Anaconda Copper and Brass have been used will always be a better mortgage risk because it will cost less to live in.

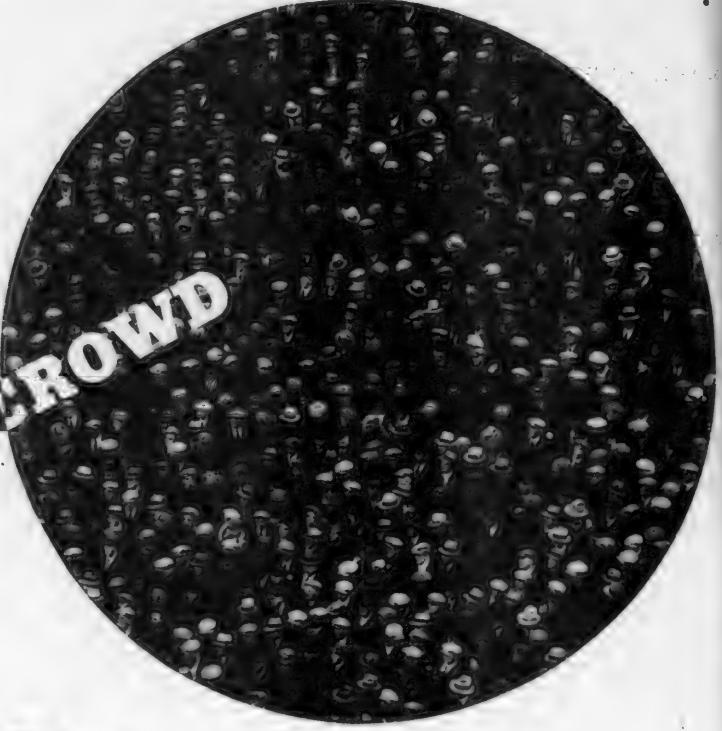
*Reg. U.S. Pat. Off.

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THE AMERICAN BRASS CO.
General Offices: Waterbury, Connecticut
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ANACONDA
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Anaconda Copper & Brass



**OUT OF THE CROWD
...INTO YOUR BANK**

With industry at peak activity, millions of Americans are logical prospects for checking service for the first time in their lives. If you can attract some of these people out of the crowd of *prospects*, into your bank as *customers*, their business can add substantially to your earnings.

Are you profiting by this situation? Are you offering such a strong, popular appeal—through good public relations, prompt, accurate service, convenience and other factors—that most people who open accounts will choose your bank instead of some competitor?

Todd checks and passbooks aid a bank in creating "selling appeal." They offer specific advantages

that any customer, old or new, will appreciate as soon as they are pointed out.

But Todd goes much farther than supplying you with these tangible advantages. It helps you with the "pointing out" process—by offering you sound slide films for employee training, lobby displays, folders, and newspaper advertisements that will put these customer conveniences across with your public. Use the methods that high-grade, successful merchants and manufacturers use. It pays!

Send the coupon now for samples of Todd checks and passbooks and the promotional material that we furnish to help banks get profitable new business.



THE TODD COMPANY, INC., ROCHESTER, N. Y.

Please send me complete information regarding your business-building program for banks.

NAME _____

BANK _____

CITY _____ STATE _____ B-4-42

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

APRIL 1942

SPEED WARTIME PRODUCTION

FREE LANCE PHOTOGRAPHERS GUILD

—1001 Things for Banks to Do—

IT is probably no exaggeration to say that the chief personal problem which faces bankers as well as practically all other adults in this country, provided they are half way decent, have enough food to eat and clothes to wear, and are physically and mentally well enough to work at all, is how to make their patriotism a real and living force.

There is no lack of patriotism in the hearts of men and women, but millions of them do not know how to make it count. True, most of us love ease, comfort and our own pet ways above everything else. We lack imagination and vision, we act from very mixed motives and we are, with rare exceptions, exceedingly selfish. Nevertheless we do love our country intensely and we have a powerful desire to maintain its homes and fire-sides and institutions.

One of the strongest of human motives, seen very early in little children, is to have a distinctive individual place in the world. Each man, woman and child wants to be himself or herself, and that is possible only if each individual has a niche. But no one can have a niche unless he or she is doing something which seems worth while. It may be lighting a fire with sticks in a Boy Scout camp, or dressing a doll, or making a \$300,000 loan to a defense industry, or cooking a good pie, or mending a pair of shoes.

The point is that one of the great—perhaps the greatest—satisfactions in life is to be doing something worth while; and never, in their patriotic fervor, were people so almost pathetically eager, so positively hungry, as they are today for an opportunity to do something for their country. The hordes that take first aid and nutrition courses, the extraordinary variety in age, physical condition and capacity of volunteer air raid wardens, the rush into defense work and into the armed forces—all testify to this.

NATURALLY the first instinct of many an able bodied man, banker or not, provided he is within acceptable age limits and does not leave behind too many unfulfilled obligations, is to join the armed forces; there can be no question that *his* patriotism is being implemented.

Many young men have gone from the banks and many more will go. Indeed to face frankly the fact that ambition and self-interest are usually mixed in with higher motives, some younger men will earn more with Army and Navy commissions, and will be promoted faster, than if they remained with their banks.

Yet a very large part of the officers and key men, whether of officer rank or not, can show their patriotism best by helping in their bank positions to speed wartime production in every essential field whether it be guns or

houses or butter. And if, incidentally, they can at the same time aid in maintaining the social and economic system in a healthy state they will be of double value to the war effort.

The New York Times recently remarked editorially that there is a danger of going to extremes in this war and assuming that men and materials are all that matter and that finance no longer counts. But banks, by providing credit, deposit, checking, transfer and payroll facilities, constitute an essential instrument whereby the resources of the country are mobilized for war.

THIS is no time to harp upon old controversies, old sores, and one of the worst of them is just how far the Government should invade the field which banks have occupied in the past. The banker has a higher duty to perform at the moment than to fight for his prerogatives, no matter how justified he may be in his attitude. This is a time for unity and singleness of purpose.

But it is only the literal truth to point out that the officer and key man personnel of the banks is, for the most part, a highly trained and experienced group for the transaction and facilitation of the many financial aspects of wartime production. You cannot just pluck boys and girls out of college and put them into this work.

The Government makes many kinds of loans and it very properly and necessarily guarantees, subsidizes or aids in some financial manner many a war production undertaking, both large and small. But the Government is not an entity separate from the American people; it has no credit aside from that of the men and women who make up the country. The Government's credit is that of millions of individuals and of business concerns.

But when it comes to mobilizing credits and speeding production by means thereof, the banks are the all-essential instrument, the activating agent. They act as reservoir and distributor; they gather the credits and they direct this powerful force to the needs of war.

But the banker can speed production in other than what might be described as technical ways. His patriotic duty does not stop with providing credit, deposit, checking, transfer and payroll facilities, whether to the Government, to war industries, to agriculture or to the consuming public. He must, in addition, keep his own house in order, strong and clean.

But that is not all. The banker has a peculiar responsibility in helping to maintain the morale and sanity of



the community in a period of great stress and strain. Great numbers of relatively helpless people, as far as information is concerned, although from all walks of life, look to him for information. Idle gossip, defeatist or false rumors are not the kind of pabulum for him to hand out. He, above all men, cannot afford the luxury of a loose tongue or the venting of political spite.

The banker has always preached thrift. It was a very unpopular doctrine for a long time, but has suddenly come into its own. Today with saving a sine qua non for the safe financing of the Government's needs, and conservation of natural resources essential to wartime production, the basic soundness of the banker's long-range attitude toward thrift is justified and his function in the national economy is established beyond question.

But the banker has no time to say, "I told you so!" If he is to be patriotic he must, according to Webster's definition of the word, be "devoted to his country's welfare." He proves his devotion in the routine work of speeding production. But he proves it, too, as he maintains his own sense of mental and moral proportion or balance and spreads this saving grace to his customers. That, too, is patriotism!

Uncle Sam Means Business —And So Do We!

The Rochester Office
of the War Production
Board Will Help Your
firm Secure War Contracts
Security Trust Stands
Ready With Money To
Finance Such Work



This excerpt from a Security Trust Company of Rochester ad is a good example of bank initiative in urging industry to convert to war production

1001 Ways to Help

SPECIFICALLY, what can bankers do to speed war production?

BANKING presents a list of some of the ways in which bank officers and employees are able to help in the gigantic task of winning the war. The suggestions were obtained from many sources. Others, no doubt, will occur to the reader; the list makes no pretense of being complete. But BANKING hopes that it will contribute constructively to the national effort. Next month we hope to publish, in case history form, some examples of bank aid.

Know Your Community

IT was clear, long before Pearl Harbor, that if banking is to survive as the spark plug of free enterprise, it must assume a new role in community leadership. BANKING, some months ago, therefore, made the diffident suggestion, "Know Your Community." War has eliminated our diffidence. There is no alternative to an all-out attack on the problem of the relations of the community to the war effort except to pull down the flag of bank-financed free private enterprise, which means to surrender democracy itself.

Leadership



SECK out companies using critical materials for which substitutes can be found. Keep posted on such matters as conservation, salvage and substitute materials. The Bureau of Conservation of the WPB can help in this. Cooperation of community might be enlisted through town meetings.

Take the lead in inducing civilian goods producers—in cases where two or more plants are working only part time—to concentrate their production in a reduced number of factories so they may produce full time, or at least 75 per cent of capacity, thereby releasing factory-trained labor, factory floor space and machines, for conversion to war production. It also will serve to conserve electricity, fuel for heating, etc.

Canvass customers not engaged in war work, urging them to file with the bank the forms, supplied by the Reserve banks, that will permit entry of their names on the invitation lists of the Army and Navy. Endeavor to learn why eligible firms are not engaged in war work.

If your bank has a customer who is the producer of essential civilian articles, assist him in obtaining priorities.

Enlist cooperation of borrowers and prospective borrowers by intelligently interpreting Regulation W.

Discourage instalment buying of any products not urgently needed which might interfere with essential war industry.

Banks in war activity areas have a new obligation and opportunity in furnishing bank services to war workers; many of whom, for the first time, are earning enough to warrant their using bank services, such as checking and savings accounts. There also is an opportunity for morale building among the same group by slanting bank advertising to emphasize the importance of the war worker's job and how much depends upon him in speeding production.

Axis propaganda is effectively reaching large groups of foreign-born citizens in this country (many of whom have never learned to speak or read English) through pro-Axis foreign language newspapers, short wave radio

broadcasts, and word of mouth rumor-spreading. This poisonous propaganda retards our war production effort because of the effect it has upon foreign-born workers, and it may even inspire sabotage.

Banks can perform a great service to the country by taking the leadership in promoting community-sponsored Americanization programs to counteract the Axis barrage. These might be accomplished through a continuing series of "Democracy aims" foreign language newspaper advertisements; foreign language radio broadcasts, or a speakers' squadron composed of educated and assimilated nationals who could address the foreign groups in their native tongues.

The children of defense workers need adequate schools and Sunday schools. This may be especially important in isolated defense plant areas. Banks can aid worker morale by taking the initiative to see that these facilities are available.

Read and re-read "The Banker in Wartime" and place a reproduction of this statement where your customers can read it.

Keep Informed



MEET and get to know the four key men in the nearest WPB branch office—the manager; facilities engineer, field engineer, and financial consultant. These men can supply invaluable information on contracts, and, in many cases, can assist in making direct contact with substantial prime contractors, as well as government buying agencies.

Every banker should get a weekly copy of the WPB "Contract News." There is enough material in this publication to keep local bankers busy and to supply leads and direct contacts to nearly every type of manufacturer. Local WPB offices usually issue important bulletins; you should be on the mailing list.

Become thoroughly familiar with the most common priority forms and procedure through field offices of WPB and be able to advise customers.

Under certain conditions, the WPB has found it wise to allocate scarce materials for less essential products in order to keep a plant going, and its workers employed, until its capacity can be fully converted to essential production. Banks should encourage plants to qualify for this preferential rating, when it seems advisable.

Obtain copy of War Production Board's new publication "Production Drive." This contains information

on methods and ideas on morale building in defense industries.

Keep informed through regional WPB office on rationing procedure and the next commodities in line for rationing.

Keep abreast of the subject of conversion. WPB has in preparation and expects to have published by the first of April a booklet on conversion.

Familiarize yourself with WPB's Bureau of Industrial Finance, as described in a circular obtainable from WPB.

Try to keep in touch with the thinking in WPB's industry branches. Any banker able to talk with officials of those branches from time to time will be in a good position to sense and detect changes in policy before they are announced. WPB's publication "Victory" at 75 cents a year is Washington's biggest buy.

Also keep in touch with the commodity officials of the WPB for the same reasons.

All Out



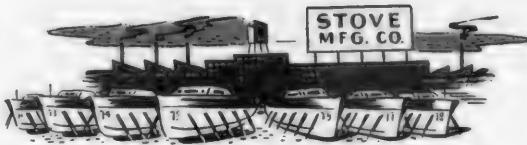
*A*SSIGN to one individual or department the special responsibility of handling war production loan problems.

Encourage employers to make maximum use of community's manpower. Encourage the training and employment of women. Bank war-production authority might be clearinghouse for directing customers in need of employment to vital defense industries.

Try to help the "priorities unemployed," the economic victims of the war, such as tire dealers, find something else to do. Find out how other communities are solving this growing problem, and pass ideas along.

Be willing to lend bank officers to various divisions of the Government's war effort, if requested.

In war-production areas see what can be done to bring the bank to the plants, thus saving the time and tires of employees. For example, bank representatives might be sent out to the factory at certain times to handle checks, remittances, defense savings, etc., as is being done at various Army camps. If this is not practical, consider extending banking hours on one or two days each week to permit workers to come to bank. Encourage workers to use checking accounts.



Assist manufacturers with their employee-payroll problems.

Advise manufacturers of the availability of bank vault safe deposit facilities for the storage of valuable papers, including blue prints and specifications, which might be endangered by bombings and fires.

Offer the use of duplicating equipment to manufacturers within the potential bombing area in cases where duplicate records are desirable.

Consider advisability of reducing number of bank holidays—as was done in England—to encourage defense workers to remain on the job.

Post conspicuously some of the display circulars of WPB, OPA, Defense Savings Staff, etc., prepared from time to time.

Here is what Donald Nelson says must be done and banks can help in every one of these through close contact with war production customers: overcome possible reluctance to increase the number of shifts; advise on steps to correct faulty flow of materials; through WPB find ways to increase production with equipment at hand; help solve questions of time and one-half and double-time for holidays and Sunday; work out any financial problem connected with training new men, changes in designs, and shortages of certain specialized facilities.

More and Faster



*F*IND out which bank customers hold government contracts and ascertain if there is a possibility of farming out some of the work.

Act as point of contact between customers and WPB by assisting in survey of facilities, which should begin with the firm's business record and include description of normal products made in the plant, experience of managerial and supervisory personnel, previous war production experience, a financial statement, with names of past and present customers for reference.

Have manufacturer take stock of his labor situation; list the number of his factory employees, their skills, peak employment of the plant for one, two and three

shifts; describe available labor supply, and the competition for it; analyze existing and nearby wage rates. The survey should include layout plans—accompanied by photographs—of each section of the plant. Tools should be listed, giving type, make, age, size, and serial number, as well as the tolerance usually followed.

Urge prospective contractors to comply with WPB's "directive" requirements by preparing statements listing all additional machinery and equipment it would need for the performance of a given contract—the one needing the least equipment is most likely to get the contract.

Be ready to give all necessary time to face to face discussion of problems of war loan applicants. Give them all possible assistance in working out their production schedules.

Discourage loans to be used in producing goods competing with war effort. Look around the community, list non-essential activities, and make suggestions for work more useful or consuming less of materials.

Encourage manufacturing customers whenever appropriate to form prime or subcontract groups, and advise them how to proceed to get business.

Call in manufacturer customers to talk over the problem of each one individually and see what the bank can do to speed defense production.

In attempting to aid in war production, small manufacturers are faced with innumerable problems. Among them is the possibility of rejection by the Army and Navy after the equipment has been manufactured and shipped, and delays in obtaining payments from the Government for the products after they have been accepted. Pending a clarification or simplification of procedures by the Army and Navy, banks should work with their customer-manufacturers in an effort to guard against rejections and should help, if possible, to obtain payment for goods without a delay that will hamper the manufacturer in further operations in war production.

Houses for War Workers



HELP create additional housing for production workers by exploring the wartime possibilities of FHA Titles I and VI. Overlook no opportunities to finance as much of the defense housing construction and remodeling as possible.

Prefabricated, collapsible houses may be the answer to three problems in localities devoted largely to defense production: (1) speedy construction of adequate facilities; (2) utilization of real estate owned or operated by

the banks as temporary sites for defense housing; and (3) easy elimination of what otherwise would be a "ghost town" after defense effort is concluded.

Do not overlook the possibilities of quickly remodeling or renovating some of the older houses, making them into apartments or comfortable single dwellings.

Because of the shortage of rubber for transportation purposes and the necessity for saving time and materials of every kind, banks should interest themselves particularly in the renovation of existing properties in older neighborhoods.

Banks can be especially helpful on projects of this kind by urging renovation work block by block and by neighborhood instead of house by house, thus equalizing the values.

More Than One Way to Lend



WHEN one bank cannot handle the credit line required, endeavor to arrange to have the loan split among several local or nearby banks, or if that is not possible call upon city correspondent banks to handle the excess, or the bulk of it, with the local bank participating.

If a loan cannot be arranged with city correspondent banks sharing, approach the Federal Reserve bank, or the RFC, and arrange a loan in which your bank can participate, or a direct loan in case you can't share in the transaction.

Large banks can aid their correspondents by taking any financing that is in excess of the smaller banks' capacity or limit.

Should all other avenues fail, perhaps it would be possible, in case of loans to subcontractors, to have prime contractor advance money to the subcontractor for the purchase of materials and payment of labor. It is possible, under certain circumstances, in the case of prime contractors to get advances from the Government up to 30 per cent of the contract.

When customers are referred to the Federal Reserve bank and the RFC for loans, because of their unfamiliarity with the procedure, it is advisable to have a member of the bank's staff, who is thoroughly familiar with the practices of these agencies, supervise these applications.

Courageous bankers must take the leadership in their communities in facing the entire question of defense contracts and defense financing. That involves assisting

manufacturers in the selling side of their effort. Local bankers can be the most effective salesmen extant.

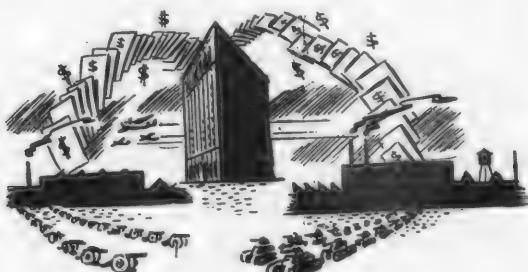
Before starting after business, bankers should thoroughly familiarize themselves with the plants in their district and their purposes, so that they can discuss their customers and communities with government buying agencies and engineers in a normally intelligent manner, and so they will recognize a potential contract when they see it.

Should small manufacturers find it necessary to enlarge their plant facilities or purchase additional machine tools, thereby requiring capital, the security for which does not justify the extension of a mortgage loan by the bank, the bank should put the contractor in touch with other sources of funds for this purpose: (1) Emergency Plant Facilities Contract; (2) Defense Plant Corporation; and (3) in the case of machine tools, contracting officer of the Government may actually supply the particular tools needed.

In planning defense contract loans, make certain that manufacturer's supply of materials is readily available or obtainable as he needs them; that he has the ability and integrity to perform the contract; make sure that he has the necessary skilled labor to complete the job, and then see if the credit rules can be stretched to permit granting the loan.

Under the Assignment of Claims Act of 1940 it is usually possible to have the proceeds of governmental contracts assigned for collateral purposes. Investigate fully every application for a war production loan, bearing in mind the possibilities under the Assignment of Claims Act.

By way of summary, when the borrower has not sufficient capital to handle a contract, the bankers may protect themselves through the use of various security devices provided by law, such as: (1) assignment of monies to become due under contracts; (2) assignment of accounts receivable; (3) field or public warehousing; (4) use of trust receipts alone or in conjunction with warehousing; (5) chattel mortgages; and (6) participation in or syndicating of over-loans with other banks or government agencies.



And Finally—

FAMILIARIZE yourself with sources of information on mechanical and technical ideas for speeding production so you can be the means of passing these important

facts along to customers. BANKING can be helpful to you on matters of this kind.

Sell Bonds



PROMOTE the purchase of Savings Bonds out of current earnings, particularly through the payroll savings plan, thus taking consumers out of competition with the Government for goods and services.

Discourage owners of Defense Savings Bonds from redeeming them by pointing out the drain it imposes upon the Treasury, thereby hindering war financing. When practical make loans for purposes for which cash from bonds would be used.

Use your advertising not only to sell Defense Bonds, but to tell local manufacturers to get busy and not to wait for the Government to seek them out.

Food for Victory



NAMED an officer in the bank to take charge of all matters that pertain to agriculture and agricultural defense financing.

Assume leadership or join other banks in providing leadership to organize the community's financial resources so that there may be assured the credit facilities needed for attaining Food-for-Freedom production goals.

Cooperate with other agencies and organizations to insure that every farmer and agricultural worker is fully informed of the part the bank is willing to take in the Food-for-Freedom program.

Weigh carefully every need for agricultural credit that comes to the bank. Try to make the loan, but if you can't, steer it to some other commercial bank or other credit agency for their consideration. Bankers should make every effort to point out to the credit applicant the reason why the loan could not be made, and if there is some other bank or credit agency in the community that might grant the credit requested, the applicant

(CONTINUED ON PAGE 71)

The Job • The Tools • The Men

G. FRED BERGER

MR. BERGER, treasurer of the Norristown-Penn Trust Company, Norristown, Pennsylvania, reports on the meeting of bank equipment and supply manufacturers, held in New York under BANKING's auspices and under his chairmanship. At this meeting the manufacturers' representatives discussed steps necessary to help banks maintain their services during the period of great national need.

THE President, Chairman Nelson of the War Production Board, the Secretaries of War and the Navy, and a host of others have been driving home, by means of the radio and newspapers, the fact that we are a combatant in an "all-out" war in which the very foundations of our democratic form of government are at stake.

They have all laid stress on the need for immense quantities of ships, planes, guns, tanks and ammunition with which to fight and win the war. And the manner in which the tide of battle has been turning recently serves but to accentuate their statements.

As fast as these demands are met, manpower to make them effective is necessary so that the problem of food for the Army and Navy and for civilian consumption is of equal importance.

If these materials for battle and for sustenance are to be made available, it is going to take the active assistance of all bankers in the country—first, to cooperate closely with the United States Treasury in its campaign to finance the war through the sale of Defense Bonds to the public and to supply the remaining needs of the Treasury through the purchase of bonds and notes; and second, and equally important, to provide the financing necessary to enable manufacturers and farmers to function effectively to meet these requirements.

The American Bankers Association, through the medium of its credo of "The Banker in Wartime" and its "Food-for-Freedom" program, has provided the standards setting forth the manner in which the banking fraternity can take its place in the successful conduct of the war.

But if bankers are to do the share expected of them in our war effort, our banking institutions must take steps to see that their equipment is conserved and, where new equipment is absolutely needed, to take such steps as may be necessary to obtain required priorities, for according to the latest rulings of the War Production Board, purchase of most new equipment will be prohibited unless application for a priority is granted. And it should be realized that unless our equipment or supply manufacturer obtains a rated order for the goods he delivers, he will not be able to provide replacement of the equipment or supplies he has sold.

With these difficulties in mind, the representatives of manufacturers of bank equipment and supplies held their third annual meeting under the auspices of BANKING at the Waldorf-Astoria on March 3, to consider what steps are necessary to assist bankers of the country to keep banking service up to the high standard which will be necessary if bankers are to perform successfully their share in the war production program.

FROM the detail of the discussion, there evolved some decisions in which every banker in the country has an interest. They are outlined below.

1. *Priorities.* It was agreed that where priorities are necessary, the sales representatives of companies would be kept informed regarding the manner in which the required applications must be filled out and filed. This would be a service of value to bankers who may not be



BANKING's conference on equipment and supplies, held during the recent bank credit clinic in New York, was attended by about 30 representatives of the manufacturers, the magazine and the A.B.A. staff. Here are some of the conferees; others appear in the picture on page 26



HARRIS & EWING



HARRIS & EWING

Here's the other half of the conference table at the Waldorf-Astoria. Chairman Berger sits at the extreme right



familiar with priority rules and application forms.

2. *Pooling or lending of equipment.* From the experience of many of those present, there are areas wherein some banks, because of a heavy influx of defense workers, are underequipped, while in other areas, because of these same shifts, banks may have more equipment than necessary.

It was suggested that through clearinghouse, county or state bankers associations, or through the medium of the sales representatives of the equipment involved, such equipment might be pooled, lent or sold so that it will be available where most needed.

There also may be instances where customers of certain banks might be underequipped and it was suggested, either as a goodwill service or at a price, that excess bank equipment might be made available to such customers, possibly even for parts of a working day or over week ends. As an example, calculator or Recordak equipment might serve others in periods when a bank might not need them actively.

3. *Suggestions for conservation.* It was agreed by the representatives of BANKING, ideas and suggestions for conservation of supplies and equipment should appear regularly in issues of the magazine and the representatives present expressed unanimously their willingness to

ONE of those present at the conference was William Powers, A.B.A. director of customer relations. Reviewing the question of what can be done to offset an equipment shortage, he said:

"The obvious answer is to work present equipment longer hours and at the same time lavish loving care upon it. Give it the same conscientious maintenance attention that motorists are now giving their tires. The bank equipment manufacturers are geared to service their machines for the duration, and banks should use these maintenance facilities to the utmost.

"Many banks are making preparations for an emergency by duplicating vital records and storing them in disaster-proof locations. But few banks are giving the consideration they should to duplicating vital operations."

make such recommendations available so that they may be disseminated for the benefit of all bankers.

4. *Maintenance needs.* Just as the owner of an automobile will obtain the most use and longest life from his car by having it well and carefully serviced, so also was it pointed out banks will best be able to maintain their mechanical equipment at its highest state of efficiency for the longest period, by having it serviced regularly under maintenance contract.

The War Production Board has advised that replacement parts will continue to be made available so that it would follow logically that equipment service men will be able to make such parts more readily available to those banks which are taking steps to maintain regular inspection and service of their equipment. Many banks have automatically entered into maintenance contracts when they purchase new equipment.

There is an obvious advantage in so doing for long experience has proved that equipment regularly serviced has paid for the cost of that service many times over. Under present conditions, where the purchase of new equipment is not only difficult but in many cases prohibited, steps taken to assure long life and use of present equipment is a logical procedure.

5. *Sensible purchasing.* It was suggested, particularly by the manufacturers of bank supplies, that in order to avoid shortages of materials necessary for the operation of all banks and maladjustments in the sources of supplies, that bankers would serve their interests best by cooperating with suppliers in order that supplies, of which it is believed there will continue to be satisfactory volume, may be available in sufficient amounts to provide for the normal requirements of all. Overbuying, it is felt, will create confusion and may well necessitate rationing, which can be avoided if all will purchase for normal requirements only.

Without doubt, those present at the conference, representing the majority of the manufacturers of banking equipment and supplies in the country, are unanimous in their desire to cooperate to the fullest extent with bankers in order that it will be possible to maintain efficient operation of banks under continuing war conditions. If bankers, in turn, will do their best to cooperate, it is felt there should be no difficulty with this problem.

Conservation



Here's the Bike Club of the First National Bank of Palm Beach, Florida. Eighteen officers and staff people are members

In these days of swift readjustment, banks must find shortcuts in operating routine. Present equipment must take on new jobs and do more work better. Waste must stop. BANKING plans to note each month some of the methods and systems adopted by banks in the interest of conservation of material and equipment. Here is the first report.

Records and Supplies

ANTICIPATING the shortage in metal paper clips, staples and rubber bands, the Chicago Title and Trust Company has bought a paper-sewing machine for use in its records warehouse. As file material is sent to storage, metal and rubber fasteners are removed and the papers are stitched together.

Kenneth Moore, the company's office manager, advocates an immediate inventory of office supplies, followed by an analysis of forms with a view to discarding non-essential items and condensing or consolidating others. He has put all supplies on a monthly ration. The company has asked its employees to use the shortest inter-office memorandum form, to eliminate copies and carbons by routing material; to remove fasteners from papers that are to be discarded; to re-use paper for memorandum and scratch notes.

Tires

SPEAKING OF bikes, President A. George Gilman of the Malden (Massachusetts) Savings Bank has solved the bank's tire and gas rationing problem by putting on bicycles the eight men who make the field inspections for the mortgage department.

Employee Suggestions

As a result of a questionnaire, The American Trust Company of South Bend (Indiana) has put into effect three employee recommendations: (1) Instead of a statement window where an employee must be stationed throughout the month, it's more economical to mail or

deliver statements and release this employee for other duties; (2) use staples instead of rubber bands for binding monthly statements and vouchers; (3) salvage clips and fasteners from floor sweepings by use of a magnet.

(Other conservation suggestions appear in Equipment and Ideas, page 54.)

Bundles for Briskin

YESTERDAY the string saver was pictured as a grouchy old eccentric; today he is a national hero, symbolic of our taking the yap out of the Japs. "Any old bones, rags or paper?" has become a national anthem.

Several years ago I tried to start the original bank economy campaign, but I was the guy who was born 30 years too soon, and my plan was a flopadora. Mine was the great don't-figure-on-the-back-of-checks plan. I talked before a group of bankers on economy, and among other things I ranted that too doggone many checks were being used as grocery lists and scratch pads.

Now a new day has dawned, and when I shout, "Hey, Curly, I don't want you figuring on the back of those checks," I almost have the FBI behind me. We have even gone several steps ahead in our conservation program, we are the only bank in the state having a lease-lend clause printed on our new checks.

One of our tellers used to spend his evenings when off balance—which was most every night—with his feet cocked upon the table shooting rubber bands off the end of his pencil. We used to run a pool to see how many rubber bands it would take before he balanced; it was usually high man win. Now he is allowed the same posture, but it is confined to chewing his pencil. Last week he almost got lead poison from too much chawing, so we have now limited him to scratching his head. Lead is too valuable.

Rubber bands have become so scarce that the president of the bank walks along with his head bent over, not from worry, but so he can see any rubber bands that have fallen on the floor.

One of our customers is the local junk dealer. When he used to come into the bank the customers would shy away from him as though he were a trapper who had caught what he thought he hadn't. Now when he comes in he has the Rotary Club, Kiwanis, and the Lions all following him asking about used tires. He told me the other day, "Bud, business is sure good. It is so now that I'm selling what I even wouldn't be buying." He almost got into trouble when he started marking his trucks: "Dave Briskin, Local OPM." The defense board noticed that something new had been added and called Dave on the carpet. He explained that he was just advertising as the local Old Paper Man. They admired his spirit, but suggested that he change to a new call letter. He didn't know any that wasn't in use so he just marked all his trucks: "Uncle Dave—Bundles For Briskin."

C. W. FISHBAUGH

Street Scene, London

JAMES L. WICK

Mr. WICK, economist analyst for Prentice-Hall's *Washington Letter*, recently returned from a five months' visit in England.

ALGERNON SMITH, 72, is running a tobacco shop in London during the absence of his 40-year-old son who is fighting in Libya. He opens the shop whenever the cigarette supply arrives. At once a queue forms and in 15 minutes he has sold out and closes.

The shop isn't in the old location, which was destroyed by bombs, and his elderly wife asks why he keeps it going, but to Algernon, it is his personal defiance of Hitler. The professor at the university saw it in a different light and wrote an essay about "the indestructibility of little business."

Down the street is Samuel Bond's grocery store. Bond looks with envy at the packed cinemas. The films may be a luxury, but there is no rationing or price ceilings on amusements and never did people have so much money to spend.

In the olden days when an item like tomatoes was scarce, prices would go up, but Bond could always get some for his customers who were willing to pay the price. Now when tomatoes are scarce, the government puts a ceiling on prices and immediately Bond learns what the newspapers mean when they say that "when an article is price-fixed, it disappears from the market."

Mrs. Wealthy now goes into the country and buys tomatoes direct from the farmer, paying him the retail price. Hotels do the same, even paying retail prices for truckload quantities. They can do it because they charge as much as \$4 for a dinner.

Near these retailers is the factory of J. Stokes and Sons, linen manufacturers. Not one piece of linen may be sold in the British Isles, but until the American lease-lend law was passed, Britain's export business was a matter of life and death in order to get dollars with which to pay cash for American planes. During that critical period, Stokes even got draft exemption for its workers. But now that cash isn't needed, the government says linen manufacture must be concentrated into four firms. Profits of the four firms will be divided up among the industry according to prewar volume and

the firms remaining cannot trade-mark their goods. The other firms must close or as Stokes is doing, be converted into war production.

Besides doing his part to win the war, Stokes is glad to keep his workers together, because after the war every home in Britain will be short of linen and business should be exceptional.

Next to Stokes is the big Cosgrave Machine works. Cosgrave, the managing director, says some of his workers like to take off Tuesdays or Wednesdays in order to work Sundays when overtime is paid. However, he says, they are only human and he reminds you that for several weeks after Dunkirk he had a hard time getting them to go home and get their rest.

BRown, one of his oldest workers, came into his office and said: "I work no more overtime." Like most of the Cosgrave workers, Brown makes about \$40 a week, has to pay 40 per cent income tax on all above that. Regular time is 50 cents an hour, overtime pays 75 cents an hour, but after income tax deduction, overtime nets him only 45 cents an hour. Brown says he is going to take it up with the union—the government should not tax overtime at all.

Cosgrave sighs at Brown's grumbling, but knows that when the plant needs him, he'll be on hand to do his share.

High taxes caused trouble with several of the last batch of women Cosgrave hired. The government ran ads saying that patriotic women should help beat Hitler by working in war factories, so the plant got 40 applications from married women. But since their husbands were getting high wages, the extra family income was taxed 40 or 50 per cent. The women who got \$20 a week discovered they were netting only \$10 or \$12 a week. Considering the cost of eating out when the wives were too tired to cook and other extra expenses, how much was left? Cosgrave decided it took a lot of patriotism to keep them working; however, all but half a dozen were sticking it out.

It is easy to criticize, thought Cosgrave, remembering how he yielded himself to the selfish instincts.

He got a 'phone call from Aberdeen, Scotland, asking that an engineer be sent up to repair a boiler he sold several years ago. He was about to tell the customer to have a local engineer repair it at Cosgrave's expense—as he would have done before the war—when his assistant called his attention to the fact that it would cost him nothing at all because of the 100 per cent excess profits tax. And it would flatter an important customer.

So he spent \$150 when an Aberdeen engineer would have done it for \$25.

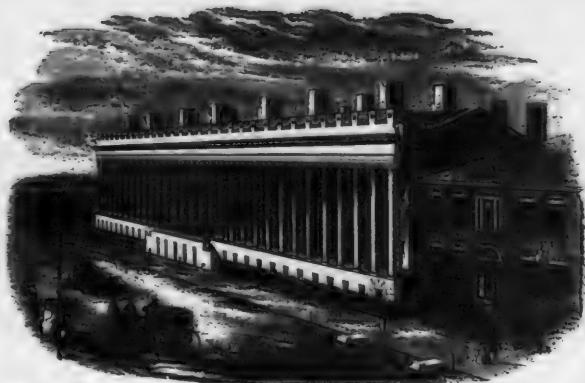
Cosgrave hoped he would remember to be more British next time. There was a war to be won and paid for.

Street Scene, London





NEW YORK STOCK EXCHANGE, 1851



EARLY VIEW OF THE TREASURY

A Century After Dickens

T. D. MACGREGOR

*I*n these early months of 1942 it is just a hundred years since Charles Dickens paid the United States the visit whereon he reported so devastatingly in his "American Notes." We've long since forgiven and almost forgotten his censures (the three pet irritants he encountered were slavery, pigs in the streets, and tobacco chewing); as a matter of

fact he made amends when he revisited us 30 years later.

In 1842 Dickens saw, among other places, Boston, New York, Philadelphia, Washington, Pittsburgh, Cincinnati, Columbus, St. Louis and Niagara Falls. It is particularly interesting to look back at his appraisal of three of our cities.

Dickens' Philadelphia

"WE reached the city late that night. Looking out of my chamber window before going to bed, I saw on the opposite side of the way a handsome building of white marble, which had a mournful, ghost-like aspect, dreary to behold. In the morning I hastened to inquire its name and purpose, and then my surprise vanished. It was the Tomb of many fortunes, the Great Catacomb of Investment, the memorable United States Bank."

(This was the Second Bank of the United States, which suspended in the panic of 1837.)

"The stoppage of this bank, with all its ruinous consequences, had cast (as I was told on every side) a gloom on Philadelphia, under the depressing effect of which it yet labored.

"It is a handsome city, but distinctly regular. After walking about it for an hour or two, I felt I would have given the world for a crooked street."

which lack only great thoroughfares to be ornaments, are its leading features.

"Few people would live in Washington, I take it, who are not obliged to reside there. . . ."

Dickens' New York

"THE great promenade and thoroughfare, as most people know, is Broadway; a wide and bustling street, which from the Battery Gardens to the opposite termination in a country road, may be four miles long. No stint of omnibuses here! Half a dozen have gone by in as many minutes. Plenty of hackney cabs and coaches too; gigs, phaetons, large-wheeled tilburies, and private carriages — rather of a clumsy make and not very different from the public vehicles, but built for the heavy roads beyond the city pavement.

"This narrow thoroughfare, baking and blistering in the sun, is Wall Street, the Stock Exchange and Lombard Street of New York. Many a rapid fortune has been made in this street, and many a no less rapid ruin."

Dickens' Washington

"PLOUGH up all the roads, plant a great deal of coarse turf in every place where it ought not to be; erect three handsome buildings in stone and marble, anywhere, but the more entirely out of everybody's way the better; call one the Post Office, one the Patent Office and one the Treasury; make it scorching hot in the morning, and freezing cold in the afternoon, with an occasional tornado of wind and dust; leave a brick-field without bricks in all central places where a street may naturally be expected; and that's Washington.

"Spacious avenues, that begin in nothing and lead nowhere; streets mile long, that want only houses, roads and inhabitants; public buildings that need but a public to be complete; and ornaments of great thoroughfares,

SECOND BANK OF THE U. S., PHILADELPHIA



PRINTS FROM CULVER

Canada Fights

TN TWO and a half years of active participation in this war Canada has seen unprecedented structural changes in her national economy and, of course, in most of the individual units of that system. Now, in the final stage of transition to a war economy, she is planning further alterations in her economy which will tax her adaptability, resourcefulness and morale as never before.

Most of the reserves of labor, materials and machinery have been used up for a war program which now requires about 40 per cent of all production and for armament production at a rate more than twice as great as the peak in the 1914-18 conflict. Indeed, the former British Minister of War Production, Lord Beaverbrook, has stated that the per capita output of munitions in Canada is the highest of any country. Yet Canada has undertaken to turn out double or more armament than she is making at present and to quadruple some of the many types now in large-scale production.

SO FAR as plant machinery and technique are concerned there are already facilities available with which to meet many of the greatly increased requirements of this year. Some years before the outbreak of hostilities in Europe the Department of National Defense arranged with two of the three largest automotive concerns to perform experimental work, including the production of interchangeable parts, on military motor equipment which, with substantial plant extensions in the past eighteen months and quite rapid general conversion to armament, accounts for from 80 per cent to 90 per cent of the current work in these establishments. From these and other automotive plants over 200,000 military vehicles, such as trucks, ambulances, field hospitals, field kitchens, mobile workshops and machine gun carriers, have been turned out, more than half of which were for overseas service; many had to be built to stand up under gruelling conditions—desert warfare in Africa, for example.

THE other member of the "Big Three" has for over a year been engaged partly in sundry war work in its own plants, but its major contribution to the national armament effort has been the reorganization and operation of a large field gun plant which ranks as one of the finest accomplishments on this continent. In all, the conversion of the Canadian automobile industry to war purposes is at least 75 per cent completed and it is in an excellent position to go through the final process with the end of civilian car production in March, as well as to undertake further plant extension during the next year, for the manufacture of airplane motors, among other armament.

Many units of the textile, footwear, rubber and newsprint industries have also had considerable experience in war work. Indeed, the textile mills and shoe factories were operating at high speed on Government orders early in the war and many of the first-mentioned have

If, and when, Canada completes the transformation to an all-out war economy and fully consummates her expansive armament program, over half of her productivity will be for war purposes.

worked exclusively for long periods on military cloth contracts. The record of the rubber industry closely parallels that of the automobile and now is almost entirely converted to the production of war materials and a limited range of essential civilian goods, not more than 30 per cent of normal. Much the same conditions apply to the radio manufacturers and the steel mills. In fact, 90 per cent of the available steel is reserved for war purposes. Yet the output, which is more than double that of most pre-war years, is still below all the demands for this vital material, notably special steels, and for shipplates required for a naval and merchant marine construction industry which has expanded twenty-fold, partly to execute a cargo vessel building program approximating a normal year's work of this kind in Great Britain.

FORTUNATELY, one of the world's largest forestry industries was able to furnish wood products which could be used as substitutes for steel and to supply many materials for various war purposes. A huge quantity of lumber went into the construction of 130 Canadian airports and aeronautical schools to accommodate the hundred thousand-odd airmen who have offered their services in this conflict. In addition, Canada furnished most of Britain's supply of lumber from the time when European shipments ended in the Summer of 1940 until the resumption a few months ago of Russian imports by the United Kingdom, while in 1941 over 800 million f.b.m. was sent to the United States to aid in that country's vast construction program. Canadian newsprint mills last year made about 10,000,000 tons of paper and wood pulp, largely for countries, including the United States, dependent upon foreign sources for these products, recently required for explosives and artificial silk as well as for ordinary purposes. Moreover, the machine shops at a number of newsprint mills (these shops are large and well equipped) were put into direct war service by contracts running into several millions of dollars for a great variety of parts for ships, planes and ordnance, thus relieving a shortage of machine tools.

The ever-increasing requirements for armament and the greater emphasis on mechanized equipment not only gave an immense impetus to most of the above-mentioned industries but necessitated, also, sweeping changes in technique and the expansion of the industrial

C. M. SHORT

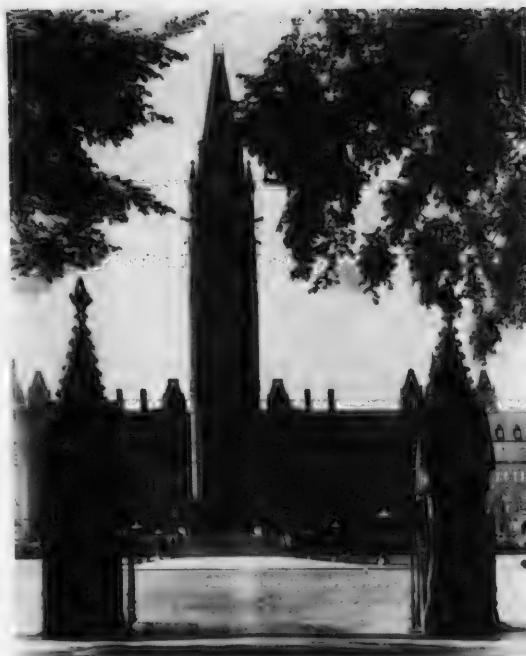
Mr. SHORT is economist and assistant secretary of The Canadian Bank of Commerce, Toronto. He contributes occasionally to BANKING. A further report on Canada's war effort appears on page 44, under the same title.

system. Since September 1939 the industrial capacity of Canada has increased by about one-fifth.

This program of industrial expansion, involving total expenditures and commitments of over \$600,000,000, is more than three-quarters completed. The operation of hundreds of completed new plants and extensions has been a major factor in raising industrial production to a level where it now represents about half of all economic activity, as compared with less than 40 per cent in 1939 and about one-third in the late 1920's.

FROM its outset the war has made exacting demands upon Canadian mining. The non-ferrous base metals—copper, nickel, lead and zinc—valued at more than \$160,000,000 in 1941, have practically all been reserved for the use of the Canadian, British and American Governments at about pre-war prices. Yet the producers have managed to increase their output, though a heavy drain has been made on ore reserves, and to extend their milling facilities so as to provide for at least 10 per cent more of these strategic materials. New mineral exploration and development generally have declined during the war period, but some successful work has been undertaken in searching for and bringing to the productive stage certain other strategic materials, mercury, for example. Canada is now the largest Empire source of mercury, and may soon become an important producer of tungsten and magnesium. Tin is being produced in commercial quantities, at the rate of about 500 tons per annum, as a by-product of lead-zinc ores. The production of aluminum (from imported bauxite) has increased about five times in the past two years and a further and even greater expansion is ahead, mainly for American use.

With so much of her productivity (about 40 per cent, it might be recalled) already devoted to war purposes and without any worth-while labor reserve or surplus stocks of materials left Canada must adopt more rigorous economic policies than she has yet instituted if she is to reach her new armament objectives. These objectives involve the engagement of at least 100,000 new armament workers at a time when there are labor shortages in practically every form of economic activity, and when it is proposed to enlist nearly 200,000 more men in the armed forces. Until the American armament production assumed comparatively large proportions last summer Canada could draw generously upon stocks of materials in the United States. But obviously the United States is now in a difficult supply position, though it has placed Canadian war plants on the same basis as its own in priority ratings and will otherwise go as far as possible to supplement Canada's domestic sources in exchange for the large volume of essential materials it needs from its northern neighbor.



Parliament Building, Ottawa

GENDREAU

THERE is ample legislative authority to convert further civilian activities to greater war needs. The National Resources Mobilization Act of 1940, for example, empowers the Dominion Government to make regulations "requiring persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada." That simply means that the Government may direct any single business or individual to do war work, except that as yet no person may be forced into a military unit for overseas service.

This authority has been reinforced by the legislation for price and wage control. Implicit in the recently initiated price-wage fixing policy is mobilization of the nation's business and industry, as well as a concerted effort to avert further inflation. The powers of the board appointed to implement this policy extend to control of production, manufacture, storage and transportation. It may restrict the manufacture of any commodity, or regulate the terms of sale apart from the actual prices. It may also grant exemption in individual cases.

All these powers can be applied quite readily and effectively to industry, which has become fairly well accustomed to official control and recognizes the need of it in the present emergency, though there are differences of opinion as to the methods of application and there will of course be a certain amount of dislocation and some cases of evasion. Authoritarian methods of procuring war supplies from industry have been in vogue for so long that manufacturers are quite used to rationing, priorities, requisitioning and prices in government contracts that yield only moderate profits, if any. Moreover, a large section of industry, the new plants and extensions already referred to, is now government-owned and therefore under absolute official control.

The Woman Question, Etc.

WILLIAM POWERS

Mr. POWERS, the American Bankers Association's director of customer relations, continues the informative discussion that started in March BANKING.

HERE are a few more questions and comments that form the basis for much current conversation among bank personnel men:

Isn't there too much emphasis being placed on the necessity for hiring and training women as replacement personnel in banks?

ONE of the best answers to that question is embodied in these excerpts taken from a recent statement by Brigadier General Lewis B. Hershey, Director of the Selective Service System:

"One warning should be stressed above all others. It is this: Begin *now* to train older men, handicapped people, and women. Train them for every sort of work for which you may find them adaptable. Bear in mind that actual combat services sooner or later may claim all able-bodied men from twenty to 27 and many men above that age, while nearly all men up to 35 will be called for some form of service. Even the aircraft plants, the shipyards, and other key war industries must reconcile themselves to this fact. We will have no blanket preferences for whole industries or companies. We will have no blanket exemptions. Prepare *now* to build a working force of those whose services are not needed or cannot be used at the front."

How can we interest women in taking banking jobs? Most of them feel that the situation is strictly temporary.

PRIOR to 1917 there were comparatively few women in banking. World War I, with its attendant shortage of male applicants for bank jobs, brought the first big influx of women into the banking field. Although that situation was then considered only temporary, thousands of the newcomers found permanent places—we had nearly 50,000 in the banks in 1929. It is true that with the coming of the depression, married women and young girls were among the first to be laid off (the 50,000 of 1929 dropped to 36,000 in 1933), but that setback was only for a few years. Now we are in another upswing of hiring women, and we are starting with a far greater number (65,000) of female employees than was the case 25 years ago. The chances are that, regardless of what might follow our winning of this war, the number of permanent women staff members will be markedly increased. In other words, if chartered banking continues to function after this war, women have a

long-range opportunity in this field, far better than has ever existed before.

What types of bank work are women now being trained to perform?

THE following list of job titles is by no means complete insofar as it would apply to the positions in a large and highly departmentalized financial institution. On the other hand, the list indicates as individual positions many operations that in smaller institutions (and these outnumber the former by twenty to one) are merged into a combination job held by one person. The positions are arbitrarily placed in five classifications with some reference to grade of responsibility but with no attempt to set up a seniority chart. The list is arranged primarily to present the variety of women's bank jobs.

Junior Clerk		File	Endorser
Page			
Runner		Lister	Proof
Mail		Sorter	Clearings Transit
Senior Clerk		Accounting	Telegraph
Librarian		Tax	Telephone
New Account		Audit	Registered Mail
Signature		Credit	Addressograph
Reception		Analysis	Multigraph
Return Item		Stock Transfer	Coupon
Personnel		Wire Transfer	Currency and Coin
Bookkeeper		Mortgage	Collateral
Commercial		Payroll	Securities
Savings		Discount	Collection
Trust			General Ledger
Stenographer		Statistical Correspondent	Secretary
Ediphone and Dictaphone			
General			
Teller		Mortgage	Statement
Commercial		Discount	Coupon
Savings		Collection	Transfer
Trust			Exchange

Now, to move away from the women questions, has there been any survey made of the amount of manpower being devoted by banks to the sale of Defense Bonds?

No such survey has been made, but a spot (very spotty) check of the situation indicates that the selling and delivering of Defense Bonds in the banks are taking all or a good portion of the time of at least thirty thousand bank staff members. This figure, in all probability, is rather conservative. If a sufficient number of you personnel officers who read this would care to have a survey made, let us know and we'll be glad to oblige.

VICTORY is our BUSINESS

UNITED
STATES
SAVINGS
BONDS

FOR DEFENSE

UN
ST
SAV
BO

ON SALE AT YOUR

★ ★ ★ ★
Defense Bond Promotion
Payroll Savings Plans
Window and Lobby Displays
Billboards and Posters
Ideas and Suggestions
Bank Advertising
Coats Off!

★ ★ ★ ★



War Bonds Out

Payroll Savings Pledges

HIS MONTH there begins an America-wide canvass to obtain a signed pledge from every person receiving a regular income that he or she will systematically buy Defense Bonds for the duration of the war. The campaign will be conducted by states under the direction of the state administrators and their chairmen. Organization and time of the drive will be left to the Defense Savings Staff in each state.

Many states have completed preliminary plans for their campaigns. Oregon, proving ground for the pledge program, made effective use of patriotic, fraternal, business and other organization memberships to conduct the house-to-house canvass. Many states will use this type of campaign organization. Others will depend on veterans' groups. A few will use the machinery and material provided by political subdivisions. The Department of Agriculture through its war boards will fill an important rôle.

Bankers can contribute much to the success of the pledge drive. They can volunteer their services as speakers, district workers or group leaders. Through their advertising they can stimulate widespread participation in the program. They can be extremely helpful as sources of accurate information regarding the campaign. In order to make this information available, the Defense Savings Staff of the Treasury is sending a pledge campaign manual to every bank.

PAYROLL deduction plans to help wage and salary workers voluntarily purchase United States Defense Savings Bonds and Stamps out of income appear here to stay for the duration of the war effort.

Alert banks long before Pearl Harbor saw the straws in the wind, and began encouraging adoption of payroll savings plans. They saw in sale of the bonds, and particularly in the payroll mode of sale, a wide-open opportunity to build for the future. They knew that it was a patriotic thing to promote the bonds—that such promotion added to a bank's goodwill in the community. They realized that promotion would cost money.

But looking ahead realistically, they saw in pay allotment bond-buying plans a vast machinery being set up to educate free-spending workers in the habits of thrift.

At the present time there are several payroll savings plans for the regular purchase of Defense Bonds and Stamps from income, but so far as participation of banks in them is concerned, they fall into a few fairly distinct types, some of which are discussed herewith.

The Company Plan

UNDER THIS plan, the commercial or savings bank's rôle is limited to adviser and, possibly, issuing agent. The company deducts agreed-on sums from participating employees' pay envelopes. When sums in the individual employee's account, kept by the company's bookkeepers, reach an amount large enough to buy a Defense Bond, the company buys the bond, either from

U. S. Treasury Department
Defense Savings Staff

PLEDGE FOR REGULAR INVESTMENT IN DEFENSE SAVINGS BONDS

NOTE—This is not an order form. The Signer will buy Defense Savings Bonds by one of the methods listed below:

To aid the National Defense, I pledge that,

I will invest the sum of \$_____ in Defense Savings Bonds (or Stamps) each week.
I will buy these Bonds:

- From a post office, bank, or other sales agency.
- By mail from the Treasurer of the United States, Washington, D. C.
- Under a Pay-Roll Savings Plan (or other similar arrangement for regular purchasing) in effect at my place of employment:

(Employer's name) _____ (Employer's business address)
 Through a regular purchase plan installed by the following organization:

(Name of organization)

(Address)

ORIGINAL

Send to Treasury Dept.
(CONFIDENTIAL)

- week.
- month.

If you are already purchasing Defense Bonds systematically, please indicate the type of plan when signing this agreement. Also check here.

I will faithfully fulfill this pledge for the duration of the War or so long as I am financially able to do so.



(Print)

(Given name)

(Middle initial)

(Last name)

(Street and number)

(City)

(State)

(Date)

(Signature)

(Name of Organization and Agent Securing Pledge)

D. S. S. 170

of Current Income



the United States Treasury, the Federal Reserve bank, the local commercial or savings bank or trust company, the postoffice, or any other authorized issuing agency, and turns it over to the employee.

Bankers approached by concerns for information on payroll purchase setups can do a yeoman's job telling them about the proven mechanics of modes now in operation, and seeing to it that they install the plan best suited to their particular needs.

In advising industrial executives about a plan, these "musts" should be heavily stressed:

Any plan for the continued purchase of Defense Savings Bonds should (1) be entirely voluntary; (2) it should be simple; (3) it should tie in as closely as possible with normal business practices; and (4) it should be continuous in operation.

Every plan should have the following five fundamental features, no matter whether the concern is big or small:

1. Provision must be made for notifying prospective participants that the plan is available.

2. Some form must be provided on which the participant can voluntarily state his wishes regarding his participation in the plan.

3. Some mechanism must be set up to insure that allotments from pay, sales of stamps, etc., are made regularly and accurately.

4. A means must be provided for keeping a record of the amounts accumulated, and of the amounts applied to the purchase of bonds.

5. Some method must be provided for purchasing and delivering the bonds from time to time whenever sufficient funds accumulate.

In organizing a pay allotment plan of any type, the best way to start it rolling is to have the chairman of the board, the president, or some other principal officer of the company announce it in a letter to his employees. Details of the plan's workings should accompany the announcement.

If the concern is small, sometimes only a couple of mimeographed sheets are required for the announcement.

A leaflet, Form DSS-111, and other valuable aids in preparing booklets may be obtained from your regional defense savings committee.

Better have the employer check with the regional committee, too, before deciding on any certain form of plan, for some plans can be drawn to use standard bookkeeping, accounting and control forms which are supplied by government agencies at no cost.

Posters, too, are available for display on factory walls and bulletin boards.

A Special Account Plan

A PAYROLL allotment mode widely used among both big and little concerns is this one:

The plan is announced, with a letter from the president to employees, as in the company plan.



Honor flags and certificates of merit are now available to banks, industrial plants, business firms and other organizations boasting a 90 per cent or more employee participation in a payroll savings plan for the purchase of Defense Bonds. The certificates and a list of firms authorized to sell display flags can be obtained from the state administrators

The employee voluntarily signs a payroll savings authorization card telling the employer to set aside a fixed amount each payday toward purchase of his bonds.

The employer takes the designated amount out of each pay check or envelope and places it in a special account in your bank.

The employer maintains a record of accumulated allotments credited to each employee.

When sufficient allotment funds have accumulated, the employer orders the bonds from the issuing agency, which delivers the bonds directly to the employee.

The advantage of this plan—with its special account in your bank—is that it assures workers the company is not co-mingling employee pay savings sums for bond purchases with its own working or capital funds.

A Stamp Plan

THE ALLOTMENT method known as the payroll stamp plan is coming into broad use among firms where the average worker's pay is small,—where 25 to 50 cents a week may be the top average amount he can spare for Defense Bonds.

The company presents to the bank making up its payroll a schedule of Defense Stamp purchases its employees individually wish to make each week out of income.

If, for example, the employee wants to buy one 25-cent Defense Stamp a week, in lieu of a quarter the bank puts a 25-cent stamp in his pay envelope. The employee pastes the stamp in a Treasury-prepared album.

Next month BANKING will describe a group agent plan and also the management by a bank of a bond-buying setup.

DISPLAY! Bank Windows



ILLINOIS—This Chicago bank built a Defense Bond window display around the A.B.A. dive bomber poster. Included are British and Free French posters and scale models of planes, guns, tanks and an aircraft carrier



NEW JERSEY—For the story of the Bloomfield Savings Institution's door-to-door canvass see page 39. The picture shows two householders at the bank's Victory Club booth in the lobby, flanked by "Sons of Uncle Sam"

ILLINOIS—Chicago again, this time the Madison-Crawford National Bank's striking lobby display. The elevated Liberty is considerably more than life-size and is done in red, white and blue. The torch effect is produced by an electric light

WASHINGTON—The Seattle-First National Bank, in Seattle, used this simple but unusual patriotic motif as a means of telling passersby that they could help their country's armed forces by taking advantage of the bank's "Buy-Me-a-Bond" plan



KAITILA



BANKING

and Lobbies



NEBRASKA—The Cozad State Bank, *above*, used toy guns, soldiers and planes to point up its display. Cliff Young, chairman of the county bond sales committee, is holding the bond for the picture

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INDIANA—The Old National Bank in Evansville, *above, right*, puts its bond booster above the vault entrance

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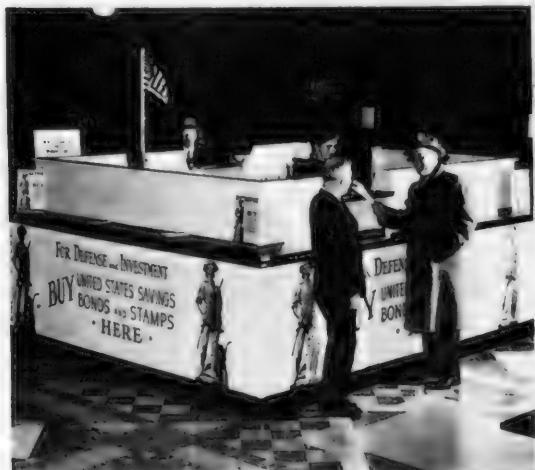
FLORIDA—The First National Bank in Palm Beach, *right*, has a special booth in its lobby. In the picture, Charles Francis Coe, attorney and writer, is presenting a bond at the booth to his office manager

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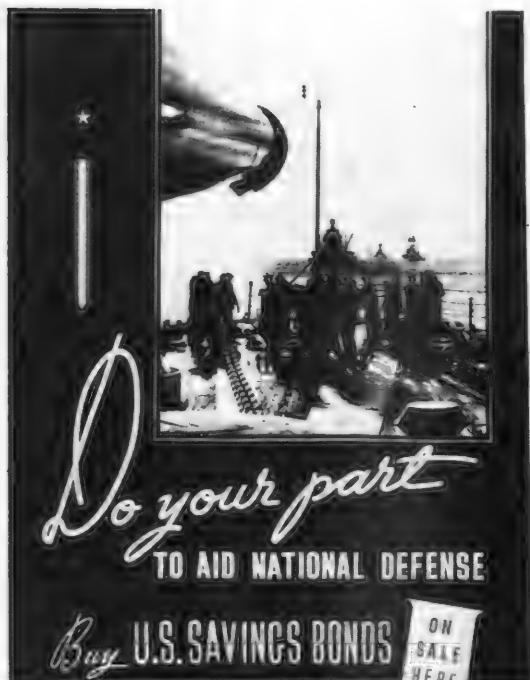
ILLINOIS—The State Bank and Trust Company, Evanston, *below, left*, had to build a booth in its lobby to take care of the bond and stamp business

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NEW YORK—The Metropolitan Savings Bank, New York City, *below, right*, used the life-size figure of a soldier in its window display



Billboards and Posters



NEW YORK—This poster is used effectively by Peninsular National Bank of Cedarhurst, New York



NEW YORK—The Savings Bank of Utica set this sign at the intersection of half a dozen streets

MISSOURI—A larger poster in the lobby of the First National Bank in St. Louis

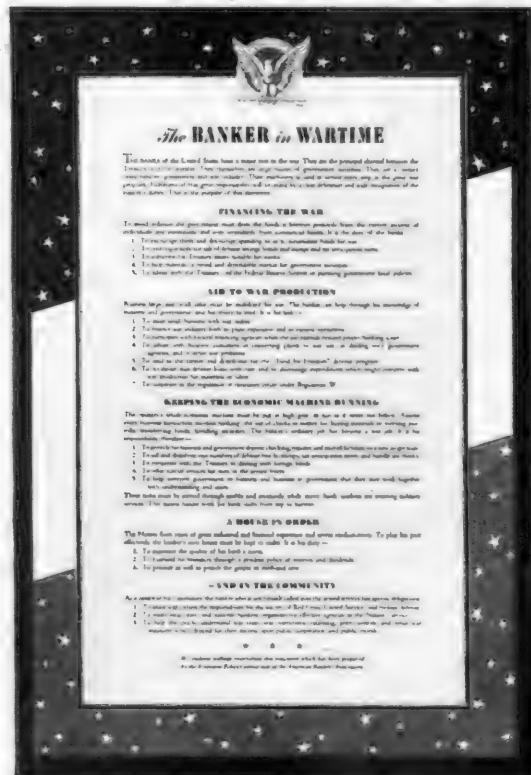


CALIFORNIA—A Los Angeles bank set a 50-foot billboard at four strategic corners



NEW YORK—The Franklin Square National Bank also has a billboard

★
FOR EVERY BANK—Here's a plaque for lobbies and windows presenting the statement drafted by the A.B.A. Economic Policy Commission



Ideas!

Reward

THE BOUNTY on Axis warships grows apace. Joining with other banks of the Coral State, the FLORIDA BANK at Chipley has announced participation in the plan of awarding cash to United States airmen officially credited with sinking enemy battleships. The resolution made public recently by the bank's directors cited the conviction that aerial supremacy and the skill of fighters and bombers will bring ultimate victory to our shores. A copy of the resolution was sent to the Secretaries of War and Navy and to each member of the Florida delegation in Congress.

Bond Booklet

THE SAVINGS BANK OF UTICA (New York) is using a new idea in Defense Savings Stamp albums. In addition to providing ruled space for \$18.75 in 25 cent stamps, the booklet contains an emotional and inspirational appeal to children and adults alike to complete the bank's program for buying a bond. Alternate pages illustrate in words and pictures the patriotism of historic national figures: Patrick Henry, George Washington, John Paul Jones and Abraham Lincoln. Other pages recall the World War I, contrasted to the present conflict, and finally our peace aims. A list of war items valued at \$18.75 also makes a pointed appeal.

Sons of Uncle Sam

ONE OF THE MOST unusual publicity programs in behalf of Defense Savings Bonds and Stamps was staged recently by the BLOOMFIELD (New Jersey) SAVINGS INSTITUTION. The problem of reaching every home in the community with an invitation to join the bank's Victory Club was solved by a novel mass-plan distribution of Liberty Bell door hangers. The bank hired four well-known local high school lads, dressed them in top

Speech Material

SIX new Defense Savings Bond merchandising talks for the use of bankers—four for the radio, one for women's groups, and one for business men—have been prepared by the Public Education Committee of the American Bankers Association in cooperation with the Treasury Department's Defense Savings Staff, and are now available at 22 East 40th Street, New York City.

These new speeches stress the sound economics of Defense Bonds for investment purposes; the importance of buying bonds out of current income; and explain the part the banks are playing in their sale.

Additional talks will be released shortly.

Treasury Department officials again are asking all radio stations to contribute free time to bankers who will speak in behalf of Defense Bonds.

★ Give Me Liberty My Defense Stamps ★

"Give Me Liberty or Give Me Death"

Patrick Henry's words have come ringing down the centuries of time as a battle-cry of free American people. Liberty-loving, they rebelled against oppression &, liberty-loving, they have never bowed to tyrants.



On this page, I place my first tokens of the Minute Man, the symbol of America on guard. Defense Savings Stamps that will aid the cause of liberty for the world.

25¢	25¢	25¢
\$2.50		
TOTAL	25¢	
STAMP		
VALUE	25¢	
\$2.50		

Page from Defense Stamp album (see story at left)

hat, blue frock coat and striped trousers, called them "Sons of Uncle Sam," and, at the same time, set in motion a teaser newspaper campaign to stir local interest. (See picture, page 41.) These lads covered every residence in the city, singly and in pairs, and became a familiar trade-mark for the bank's Victory Club. In all, more than 10,000 homes were visited. The results rolled up at the Victory Club booth in the bank lobby. (See picture, page 36.) President W. W. Miller admits that the stunt may impress fellow-bankers as a bit "circusy" and undignified, but, to the contrary, folks in Bloomfield liked the idea and paid the bank many a compliment.

Radio

MAJOR NETWORK participating shows are not the only programs to substitute Savings Bonds and Stamps for cash and other material prizes. One interesting example in the financial class is the Monday evening "Spelling Bee" sponsored over WTRC by the FIRST NATIONAL BANK of Elkhart, Indiana, for 6th grade public and parochial school pupils. The program is conducted as a tournament, with representatives from two schools competing each week until all have appeared on the air. Winners of the finals receive a silver trophy for their school; weekly winners receive personal awards of \$3, \$2 and \$1 in Defense Stamps. Tournament rules and word selections are arranged by the principals of various local schools and the high school public speaking instructor, who serves as program monitor. As further publicity for Defense Bonds and Stamps, the bank devotes half the commercials to timely appeals to a wide radio audience.

Statements

NATIONAL BANK OF DETROIT uses its month-end statement as a vehicle for bond promotion. At the bottom of each statement is imprinted in red ink the Minute Man symbol and slogan. The cost of this additional printing, the bank reports, is less than \$1 per 1,000 copies.

Advertise!

Don't Sabotage Him!

NEEDLESS SPENDING IS SABOTAGE!

**Put your money to work by saving!
Make every pay-day your save day!**

GET behind the men behind the guns! Fighting men need fighting dollars! The dollars you invest in Defense Bonds account—the money you invest in Defense Bonds gives them more tanks, more planes, more warships to win a speedier victory for America!

Now, while you are making steady wages be wise. Don't waste your money by foolish spending...as so many thousands of people did during World War I. Needless spending today is sabotage. It causes price rises and inflation. Hoarding money is harmful, too...for dollars hoarded at home are idle dollars...fifth-column dollars...unsafe dollars!

Safeguard your future! Open a Savings account at your Savings Bank. Make the amount available every pay-day. It assures a sense of security for yourself and your loved ones...ready cash when needed...an easy mind when taxes are due.

Remember, too, that Defense Bonds are of greater value to you and to America than needless luxuries. So why not decide to buy Defense Bonds every pay-day at your Savings Bank?

The men in the Service are giving everything, even their lives, to win victory for you. Back them up! Visit your Savings Bank now. Learn how to make your savings work for Victory—Victory for America, Security for you.

SAVINGS BANKS of New York State
Sponsored by the Savings Banks of Brooklyn, Queens, Long Island and Staten Island

Your Savings Bank—Headquarters for Saving
The Savings Banks of New York, 134 strong, and representing 85 cities and towns throughout the state—are cooperating to speed America's war drive and achieve greater financial security for our people.

SAVE FOR VICTORY
SO THE SAVINGS BANKS OF NEW YORK STATE

A streamlined campaign just undertaken by the savings banks of New York State represents an aggressive effort to sell regular savings out of current income, and to discourage foolish spending and hoarding.

With a budget approximating \$325,000 for the first year, the program includes newspaper advertising, spot radio announcements, a motion picture, and a merchandising campaign. It is the first attempt by a group of banks in the widespread use of these media to accomplish an objective keyed directly to the Treasury's Defense Bond campaign, and at the same time, to hit aggressively at foolish spending and cash hoarding.

A series of one-minute spot radio announcements over 12 stations gives complete coverage of the State.

Below, left to right, effective Defense Bond advertisements from The Atlantic National Bank, Jacksonville, Fla., and Dauphin Deposit Trust Company, Harrisburg, Pa.

SAVE

To the old reliable reasons for SAVING

TWO NEW ONES HAVE BEEN ADDED

1. Save to buy Defense Bonds
2. Save for those new and larger Taxes

The ATLANTIC NATIONAL BANK
OF JACKSONVILLE, FLA.
Member Federal Deposit Insurance Corporation

**The Boys Are Serving
"For the Duration"**

and the least that we on the "home front" can do is to keep on buying Defense Bonds until the War has been won.

Enlist now in the army of patriotic home-folks who are buying a Bond with part of every pay.

Lend Uncle Sam every dollar you can possibly spare. He'll repay you with liberal interest.

DAUPHIN DEPOSIT sells
Defense Bonds
without handling charge

Dauphin Deposit Trust Company
Member Federal Reserve System
Harrisburg, Pa.



Each pay day is Defense Bond day



Join the payroll allotment plan today

Every business which has three or more employees can put this idea into action. The plan is so simple that one of the country's largest public utilities uses the same easy card system as a company having a handful of workers.

For a free kit of cards and other printed matter, used under the plan, employers should address Treasury Dept., Section A, 709 Twelfth St., N.W., Washington, D.C.



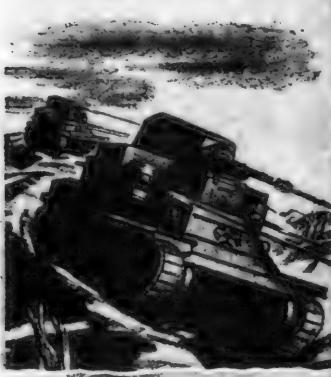
Portion of an effective advertisement by BANK OF THE MANHATTAN COMPANY of New York, at left, stressing the importance of buying Defense Bonds out of current income. In the body of the ad copy, the bank describes the payroll savings plan as "a sure plan for backing up the nation's fighters." It lists various bond denominations, showing the increase in value at maturity

*

This BLOOMFIELD (N. J.) SAVINGS INSTITUTION advertisement is one of a series used in the bank's Victory Club campaign described on page 39

In an interesting advertisement (a section of which is shown below) the BANKERS TRUST COMPANY of New York calls upon everyone to buy Defense Bonds

If you can't fight-
**BUY
BONDS**



**Buy Bonds for Tanks,
Planes, Guns, Ships—
Bonds for Victory!**

THE SONS OF UNCLE SAM

will visit every home in Bloomfield beginning this week to ask You to join the **Victory Club**

Ideas!

Stopper

UNDER-SEA WARFARE approaching our shores is the headline stopper in the day's news. For the MERCHANTS & NEWARK (N. J.) TRUST COMPANY the submarine is a window stopper and teacher of an object lesson and an incentive in the bank's current Defense Bond and Stamp sales drive. The window trim features the original model of Bernays Johnson's "suicide" submarine, formerly ignored by this country, but treacherously used by Germany and Japan. Check around: there are model makers in your community anxious for the opportunity to display their skill. Planes, tanks, ships of every class, and miscellaneous other model hobbies are yours for the asking. They make an effective window trim and tie-in perfectly with current promotion objectives.

Ally Display

IF YOU AGREE that the average American is impressed by facts and figures, but is generally down on his geography and war statistics, here's a display idea with food for thought: THE AMERICAN NATIONAL BANK of Nashville, Tennessee, trims its windows with an impressive symbol of the United Nations. Instead of the banners of Great Britain, China and Russia, which to the average American represents the sum total of allied resources, the bank displays the flags of 35 united allied nations—flags that still fly over a large area of the world's surface, command its seas and represent a vast superiority in natural wealth, resources and manpower.

Special booth of the savings banks of Brooklyn, Queens, L. I., and Staten Island at the Brooklyn Union Gas Company to encourage the sale of Defense Bonds and Stamps to the women attending daily luncheons at the Gas Mart. At right, Joseph Upton, president, Queens County Savings Bank, selling the first defense stamps at the booth



Goal: 100 per cent

AT PRESS TIME, latest totals show that 310, or 43 per cent of the commercial banks in New York State have notified their state association of 100 per cent employee-participation in the Treasury's voluntary payroll savings defense plan. Many other institutions in the 80 to 90 per cent range are moving up to the final goal.

Since New York is credited with the largest bank personnel of any state—what a commentary on banking support, if these figures will hold true for the rest of the country! New York State Bankers Association, like other State groups, is now making a concerted effort to spread the payroll savings program to local business and industrial plants.

Movies

THE TREASURY'S DEFENSE SAVINGS STAFF has three news reel crews on the road making local one-minute movies called "This Week's Minute Men for Defense." The films are shown locally. Many bankers are appearing in these pictures, telling why Defense Savings Bonds are a good investment.

Campaign

THE SAVINGS BANKS ASSOCIATION of New York State released the first of a series of cooperative newspaper advertisements last month in its campaign to combat extravagance. The opening gun denounced: "Foolish Spending is Sabotage." The campaign in major dailies is supported by 90 member-banks. It will later be extended to major weekly publications in the savings bank areas, and will be supplemented by spot radio announcements and showings of the Association's new motion picture. One important objective will be to encourage Defense Bond investments out of income rather than from savings. (See ad, page 40.)

Essay Contests

THE MONTANA BANKERS ASSOCIATION announces a state-wide high school essay contest on the subject "Sale of Defense Bonds and Stamps and Other Services Rendered by Banks." In addition to \$175 in bonds to be awarded at the finals, local banks in each participating city will increase the incentive with 10 to 15 prizes for the semi-final competitions. A campaign is under way now to encourage local bankers to address all high schools and urge students to discuss defense savings plans with their parents.

The River Rouge (Michigan) Savings Bank sponsored a successful essay contest for school children on the theme, "Why You Should Buy Defense Bonds." A \$25 bond was awarded to the winner in each of eight schools in the city. The prizes were distributed by President Wilfred H. Burke when the successful contestants visited the bank. In a full page newspaper advertisement the bank published the winning essays and pictures of the writers.

Victory Gardens

WITH SPRING comes the tilling of victory gardens. One of the most practical ideas on this subject takes root in Harrisburg, Pennsylvania. City Parks Director Robert C. Leitner recently appealed to owners of unimproved property for permission to plow their lands and turn it over temporarily to a city-wide corps of victory gardeners. Seeds are not furnished for the project, but the city promises water for sprinkling, without charge. DAUPHIN DEPOSIT TRUST COMPANY was among the first large holders to pledge vacant properties under its charge to this worthy endeavor.

Thrift

THE PRACTICE OF THRIFT, looked down upon as old-fashioned during the meteoric 20's and the disillusioned 30's, is having a new popularity. The public, looking back upon its malpractices, is appalled by the wastefulness that has been called the highest standard of living in the world. Faced with the necessity of tightening the belt and doing without, the public is more receptive to the simple rules of thrift than ever before.

This presents both an obligation and an opportunity to banks. The time has come to repeat those forgotten lessons of the past. As a contribution in this direction, AMERICAN NATIONAL BANK & TRUST COMPANY of Chicago has prepared for distribution to customers and public a folder entitled: "Thrift—A Vital Part of Winning the War." This folder is not just an appeal to buy Defense Bonds or open savings accounts; it is a broad treatise on the importance of practicing thrift as a way of life.

The Big Night

LIKE MANY other communities, Saturday night is the big night in Hartington, Nebraska. Town folks and country folks turn out for a gay time en masse. To give them all a chance to buy a share in America, the BANK OF HARTINGTON puts forth an extra service in behalf of Defense Bonds and Stamps. The entire staff, including officers, runs a Saturday night shift from 7:30 to 10 p.m. The only business transacted is defense securities.

Buying war bonds at the Treasury, New York City, in 1898



BETTMANN ARCHIVE

Schools, Banks and Defense Stamps

WHEN the United States Treasury Department made plans to sell Defense Stamps in the schools, the status of the school savings banks was not clear.

Some banks debated whether it would be more patriotic to withdraw from the school savings activity to make way for the sale of stamps. They stood ready to take this action despite the fact that their school savings systems had been built up over many years.

Other banks felt they would like to continue school banking at the same time the stamps were being sold. This would mean, undoubtedly, that the sale of Defense Stamps would be less than if all efforts were concentrated on the sale of stamps.

The Savings Division of the American Bankers Association brought these problems to the attention of the Treasury Department and the United States Office of Education. Both B. M. Edwards, assistant to the Secretary of the Treasury, and Dr. John W. Studebaker, United States Commissioner of Education, recognized that the school savings systems in operation were worked out through the years as the most satisfactory means by which children might save.

Both the Treasury and the United States Office of Education took the position, therefore, that the decision rested in the hands of the local school and bank authorities, but expressed the feeling that in schools in which a school savings bank is operating, there would be no necessity for a stamp program, provided the savings of the children are accumulated for the purchase of defense securities.

In the pamphlet, "Sharing America," published jointly by the Treasury and the Office of Education, it is recommended that the children save either through their school savings accounts or through stamps, but that the two savings plans should not be run concurrently and in competition with each other.

Big Brother

CONTINENTAL ILLINOIS POST No. 383, CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY (Chicago)—the only bank post in the American Legion—plays big brother to fellow-employees about to enter military service. Members, 210 strong, teach the ropes to the recruits, give each a gift usable in camp, and keep up regular correspondence with each man while in camp. This is one of the many important activities on the Post program. Members are active in service and welfare work among veterans of World War I, handle the civilian defense work within the bank and in their home communities. Two members are again in active service. The Post has a colorful history. It was organized in 1919 as Illinois Trust & Savings Bank Post, and has changed its name in 1923 and 1929 as a result of bank mergers. It boasts one of the few fife and drum corps in the Legion, and has won distinction for its "Spirit of 1776" and its special corps, each dressed in the uniform of one of our wars.

Canada fights!

AS THE WORLD BECOMES SMALLER
THE TIME BECOMES SHORTER



The hand of Hitler has closed on the people of other nations, depriving them of their very lives. WE

THIS SPACE CONTRIBUTED BY

THE BANK OF TORONTO

ON THE FIRING LINE



Now is the time for you to help on "the firing line".

Lend your savings and as much of your future earnings as possible to Canada, so that she may equip her Naval, Army and Air Services, as well as aid our Allies.

Buy the NEW VICTORY BONDS

And Back Canada's Great Fighting Men

- 1 If time is required to pay for Victory Bonds this Bank will lend you the
 - 2 This Bank will accept delivery of the Victory Bonds on your behalf whether you pay for them in full or
- desire to borrow against them. Give your subscription to the Victory Loan salesmen who call on you and tell him at branches of the Bank for protection of your Victory Bonds and other valuables, at low cost.

THE CANADIAN BANK OF COMMERCE

ST. HON. MR. THOMAS WHITE, Q.C., CHAIRMAN OF THE BOARD
S. H. LOGAN, President

A. E. ARSCOTT,
Vice-President and General Manager

Our Canadian neighbors are rallying to their governments' second Victory Loan campaign with characteristic enthusiasm. Indications are that the \$600,000,000 loan will again be oversubscribed, as was the first and the two preceding war loans. The National War Finance Committee, like our own Defense Savings Staff, has undertaken this job with gusto, utilizing the Dominion's press, radio, magazines, billboards and other major publicity media. In full support of the national effort are the community drives undertaken by industry and business, and by all branch banks which act as selling agents for Victory Loan Bonds. The war savings publicity has in the past been conducted as both a campaign and a sustained program with every available media playing its part. The initial drive was primarily educational. The second drive aims to consolidate results by appealing for increased individual pledges and popularizing the payroll plan and bank deposit pledges. G. W. Spinney, of the Bank of Montreal, serves as permanent chairman of the National War Finance Committee.

The advertisements appearing on this page are indicative of the cooperation of the banks.



HOLD HIGH THE TORCH OF Freedom

Do your part in Canada's fight for freedom. In the Axis' assault against democracy, freedom—everything that makes life worth while—is at stake. Only victory can preserve it.

Participate today—to the limit of your ability—in the new Victory Loan.

BANK OF MONTREAL

"Economy, yes...but Single Posting saves a lot of mistakes, too."



WITH Recordak Single Posting at work in your bank, you naturally think first of the savings. And they are worth thinking about—particularly in these days. A good third in labor... some 40% in machine expenses... a full half in stationery... and up to 98% in storage space. But Single Posting pays extra dividends.

...for instance, greater accuracy. Recordak Single Posting is the "photographic system"—and a photographic copy, of course, is an exact copy... no errors, no omissions.

...for instance, increased speed. Copying 100 or more checks a minute is routine for Recordak.

...and finally, new safety. A file-on-film is a one-piece file; nothing can be added, nothing taken away—without detection. Thousands of records compact on film at your finger tips.

Recordak is rented—not sold. It requires no capital outlay. May we send complete information? Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

RECORDAK PHOTOGRAPHIC ACCOUNTING SYSTEMS



More care in avoiding accidents means more production here . . .

and more of everything needed here . . .

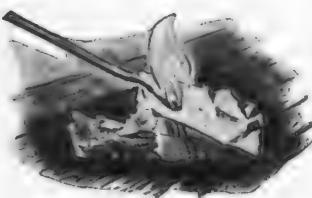


Carelessness and Victory don't mix!



Safe (?) at home

One-third of all fatal accidents—and no one knows *how many* less serious injuries—happen at home! Eliminate every possible hazard. Be especially careful in blackouts.



Join the Crusade against Carelessness!

There's no age limit. You and *you* and **YOU** can help stop the accidents that are delaying production—that are destroying lives and property. You and *you* and **YOU** can help stop our \$322,000,000 annual fire loss.

To win this war, every one of us must fight as never before against tragic and needless waste of time, manpower, machines and materials.

A Hartford Agent or your insurance broker can obtain valuable advice for you on how to prevent accidents and fires. He can also build a sound program of insurance to protect you or your business against serious financial loss.

← America's worst enemy

Fire attacks somewhere every two minutes—always without warning. A Hartford Agent can furnish you with expert advice on fire prevention. Follow this advice—help stop needless loss!

Keep 'em Flying!



Be patriotic—drive carefully!

Civilian carelessness mustn't delay convoys. Drive at moderate speed—obey all traffic rules. And remember: an accident today may mean *no car for you* for the duration!



To reach a Hartford Agent

Call Western Union (or Canadian National Telegraphs) and ask for the name and address of the nearest Hartford representative. Let him study your insurance needs in the light of today's conditions. Or talk to your broker.

HARTFORD INSURANCE

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



HARTFORD, CONNECTICUT

Defaulted Insurance Loans

What should a bank do when there has been a default on a loan secured by an assigned life insurance policy? Should the policy be surrendered for its cash value?

THE answer is almost always, no. The American Bankers Association has always urged its members to avoid unnecessarily surrendering policies for their cash value. This is based upon the sound reason that life insurance is different from other types of collateral in that it can seldom, if ever, be replaced at the same cost, and sometimes cannot be replaced at all. It is believed that in practically all cases where it is necessary to resort to pledged policies to satisfy a loan, the interests of all parties concerned would be best served by negotiating a policy loan, i.e., an *advance* from the insurer. This procedure seems to have been frequently avoided because of the mistaken belief that the bank would assume a personal obligation to repay, as in the case of an ordinary loan.

The term "policy loan" is somewhat of a misnomer as such so-called loans are in reality only advances of policy accumulations or reserves. This fact is recognized by the insurers and by the statutes in some states. Insurers advise that in no case can a personal judgment be obtained on a policy "note."

Section 155 of the New York Insurance Law provides that no life insurance policy, except single premium, non-participating, term, industrial and group insurance policies, shall be "delivered or issued for delivery in this state" unless it contains in substance the provisions therein set forth. One of these provisions is that after the payment of three full years premiums, and while the policy is in force, the insurer will "*advance*, on proper assignment or pledge of the policy and on the sole security thereof," an amount equal to the reserve at the end of the current policy year. The Ohio General Code prescribes the forms that "are established as standard forms" in which life insurance policies may be issued by domestic companies, or delivered in that state." All the statutory forms, except term insurance policies, contain provisions relative to loans that are the same as those required by the New York law. (*See Sections 9411-9415*).

FOR many years insurers have generally looked with disfavor upon the use of life insurance as collateral for commercial loans. Many insurers have determined that, where there are no attending circumstances indicating that adverse claims may be filed, they will implement the assignment Form No. 10 recommended by the Bank Management Commission A.B.A. and deal exclusively with the assignee without proof of debt and default thereon. However, some insurers decline to implement this form and many of those have indicated that their principal objection to it is that it conveys the sole right to surrender the policy. Those insurers might change

their attitude if they were assured that the right to surrender would not be exercised unnecessarily.

The courts have generally held that in the absence of prohibitions against or restrictions upon assignment contained in the policy contract, life insurance is freely assignable as other choses in action. Thus the insurers must accept and file an assignment on any form. However, it is a well established principle of law that no matter how absolute in form an assignment may be, it may be shown to be in reality an assignment for collateral purposes and in fact Form No. 10 shows this on its face. Therefore, although this form absolves the insurers from liability upon dealing exclusively with the assignee, the insurers are within their rights in insisting upon satisfying themselves as to the existence of a debt and default and the amount owing to the assignee, before making payment. Thus, although the insurer cannot deny the existence of a claim by the assignee to some part of the insurance proceeds, the assignee can be compelled to resort to the courts to establish the amount thereof and to enforce its rights. The insurer is, therefore, in a position to delay the assignee in collecting its debt and put it to extra expense. It is obviously highly desirable to get the complete cooperation of the insurers.

By adopting the policy loan procedure the bank will accomplish its objective of collecting its loan and at the same time preserve any equity that the insured may have in the policy and foster the goodwill of the insurers. It is believed that many insurers that will not implement the form when the bank seeks to surrender the policy for its cash value, would cooperate and deal exclusively with the assignee seeking to negotiate a policy loan.

Furthermore, there is an additional advantage to be derived from adopting the policy loan method of realizing upon the collateral. If the bank surrenders the policy for its cash value, any excess proceeds remaining after satisfying its loan and interest must be paid to "the persons entitled thereto under the terms of the Policy had this assignment not been executed." (*Paragraph E.I. Form No. 10*). Where there are contingent beneficiaries it is difficult to determine who would have been entitled to the proceeds if the policy had not been assigned and surrendered by the assignee. If optional modes of settlement are in effect, the problem is further complicated by the possibility of being required to disburse the excess proceeds in installments. Of course, Paragraph F of Form No. 10 permits the assignee to demand only so much of the proceeds as is necessary to satisfy its loan, but the insurer may object to assuming the responsibility for proper disposition of the excess and particularly if only a small amount is involved. This very troublesome problem can be avoided by not surrendering the policy.

★ BOOKS ★

If you want any of the books mentioned on this page, send your check for the published price to BANKING, 22 East 40th Street, New York. Your order will be filled promptly. More and more of BANKING'S readers are taking advantage of this service. Want to try it?

War Finances

FINANCING THE WAR. Tax Institute, Philadelphia. 357 pp. \$2.50.

THE title of this book was the subject of the Institute's conference last December, and its contents comprise papers there delivered. Eighteen competent authorities cover various phases of war finance, with emphasis on avoidance of inflation. Possibilities of adjustments to ease the impact of war taxes, and the experience of warring countries, are other general subjects considered.

The contributors include Robert Warren of Princeton, Homer Jones of FDIC, Harley L. Lutz of Princeton, F. E. Seidman, C.P.A., Alzada Comstock of Mount Holyoke, Charles C. Abbott of Harvard and E. Gordon Keith of Harvard.

The Institute is integrated with the Wharton School of Finance and Commerce, University of Pennsylvania.

Cleveland F.R.B.

THE FEDERAL RESERVE BANK OF CLEVELAND. By Arthur Frederick Blaser, Jr. Columbia University Press, New York. 306 pp. \$3.50.

HERE is a description of one Reserve bank—its nature, functions and operations—set against the economic background of the territory the bank serves, namely, the Fourth Federal Reserve District. Private and government credit institutions operating in the district are also dealt with. The bank's organization and services, its credit policies and operations receive due attention.

The author is assistant professor of economics and business administration at Rensselaer Polytechnic Institute, Troy, New York. The study is one in a series, by different writers, on the 12 Reserve banks. In addition to the Cleveland institution, the "Feds" of Boston, New York, Chicago and San Francisco have been covered.

New Capital

KEYS TO BUSINESS CASH. By William Hurd Hillyer. Harper & Bros., New York. 104 pp. \$1.

MR. HILLYER tells, non-technically, how the "average independent business"—one that takes in \$20,000 to \$2,000,000 annually—can get additional capital when

it's needed, and how secure financial backing can be obtained for a new venture. There is a chapter on banks and factors as sources of capital, another on financing defense orders, and some good advice on "how to approach your lender." Other subject matter includes sources of amortization capital and long-term money, the raising of "venture capital," figuring the true cost of money, and the choice of a lender.

Canada at War

MOBILIZING CANADA'S RESOURCES FOR WAR. By A. F. W. Plumptre. Macmillan Company, New York. 306 pp. \$3.25.

THIS volume is a considerably revised edition of a report prepared for Price Administrator Henderson by Professor Plumptre, who is consultant for Canada to the Office of Price Administration in Washington. The author, assistant professor of political economy, University of Toronto, surveys the Dominion's swiftly changing economy during two years of war. He offers a coherent analysis of the problems encountered "in adapting a not very highly industrialized country to the sudden demands of modern mechanized warfare."

Other Books

COMMERCIAL CREDIT AND COLLECTION PRACTICE. By Watrous H. Irons. Ronald Press, New York. 606 pp. \$4.50. This book for the student of credit stresses "analysis as the key to the solution of credit and collection problems." The author is associate professor of banking and finance, School of Business Administration, University of Texas.

HANDBOOK ON BANKRUPTCY. By A. Lincoln Lavine. Professional Publications, Inc. 266 pp. \$2.75. A reference work on the Chandler Act, explaining each provision of the law. It also contains, in addition to adequate indexes, all the official forms and general orders prescribed by the U. S. Supreme Court.

COLLECTIVE WAGE DETERMINATION. By Z. Clark Dickinson. Ronald Press, New York. 640 pp. \$5. The professor of economics at the University of Michigan here assembles the results of an extended study of problems and principles in bargaining, arbitration and legislation.

MONEY, CURRENCY AND BANKING. By Harold L. Reed. McGraw-Hill Book Company, New York. 522 pp. \$3.75. Here's a new text that aims to give students "a better understanding of recent and revolutionary developments both in monetary policies and in theoretical interpretation." The author is a professor of economics at Cornell University.



IT ENDORSES
AS IT SORTS,
LISTS, AND PROVES

IBM PROOF MACHINES ARE HELPING TO CONSERVE MINUTES FOR WAR TIME

The time-saving advantages of IBM Proof Machines have become even more valuable today when every working minute is so urgently needed for our war effort. The ability of these machines to expedite check-handling procedures is enabling hundreds of banks to expand their customer services and to find extra time to perform their vital war time functions.

Work moves rapidly and with certainty through the proof department in a single streamlined operation; *sorting, listing, proving, and endorsing* proceed simultaneously with a minimum amount of handling. Because proof is maintained constantly, there is no occasion for time-wasting "repeat performances" and backtracking to locate errors.

The greater efficiency, thus brought to this important routine, results in the saving of minutes all along the line . . . because the manner in which checks are handled is reflected in many different departments.

INTERNATIONAL BUSINESS MACHINES CORPORATION

— Offices in  Principal Cities —



Jewels
**FOR THE MISTRESS
OF THE SKIES**

OF THE MANY PARTS that go into a plane, none are more important than the steel "jewels" that form bearings. A few years ago these tiny units were made almost entirely in Switzerland. Today, thanks to the patriotic willingness of an auto manufacturer and a precision toolist, the U. S. A. produces its own fine "jewels" in abundant quantities. Because of the small size of these vital parts, women's fingers prove more proficient in fashioning them. Thus, through the coordination of talent and the blending of energies, INDUSTRIAL TEAMWORK becomes our most indispensable product. Insurance, the industry that protects other industries, helps to keep INDUSTRIAL TEAMWORK alert!

INSURANCE AIDS INDUSTRIAL TEAMWORK



It is about as necessary to industry as bearings are to machinery. Insurance provides a backlog of financial strength when unexpected mishap causes loss. But it is always on guard against these occurrences and often successfully eliminates the danger of hazard before it strikes. In all industry, insurance reserve dollars are widely invested and become bone and muscle to the ramparts of production.

FIRE - AUTOMOBILE - LIFE INSURANCE

★ **THE HOME** ★
Insurance Company
NEW YORK

The War and Bank Insurance

W. B. UNBEHEND

ANY man handling insurance for his bank realizes that insurance coverage is not something to be purchased and put away in the files with a pat of finality and a feeling of complacency. Rather it is a moving, changing stream which demands constant attention and revision.

New hazards appear, rates and classifications are altered, new and improved forms of coverage are constantly being suggested. The program for defense brought many problems to the insurance officer's desk, the declaration of war brought more, and more will continue to come.

It is not my purpose in this short article to cover all present-day insurance problems, but simply to point out a few that have come to my attention and to warn the banker that he must be on the "24-hour alert" for new developments.

Coverage in a bank falls roughly into four classifications: Fidelity, burglary and robbery, fire and casualty and public liability. Let's take a look at these in this order and see what effect war and the defense program has had on them.

First let us consider fidelity coverage. In our bank, as with most other institutions, during the past year we have hired many new people and others have left to go into the armed forces or to take jobs in industry. At the same time the total of commercial deposits has been growing with a corresponding increase in checking activity. This shifting and increasing personnel, higher activity and greater deposits cause our fidelity hazard to increase. For this reason, it is necessary to keep a close check on our Bankers' Blanket Bond with the view of maintaining complete coverage at all times.

While on this subject of shifting personnel and increased activity we also took occasion to remind our credit department of the possible losses that may be sustained by mercantile and industrial plants through dishonesty and to point out that with these concerns, as with us, the hazards are increasing.

Burglary and robbery insurance, beyond that covered by a Bankers' Blanket Bond, is of course based on the

Mr. UNBEHEND is president of the Lincoln National Bank and Trust Company of Syracuse, New York, and is an alumnus of The Graduate School of Banking.



amount of cash and securities on the premises or in transit. Since the defense boom our cash requirements have been boosted to meet the payroll demands of industry and of government projects located in our area. This boost with us has been a continuous and steady matter to be met by a larger annual burglary and robbery coverage. However, a case of a bank located near an Army cantonment has come to my attention which required special handling. The Army pays its men once a month. For three or four days at the end of each month, this bank, with normal cash requirements of \$250,000, found its cash figures averaging \$600,000. One of the bonding companies took care of this by endorsement on the bank's burglary and robbery policy. This endorsement provided automatic coverage up to \$600,000 under Insuring Agreement I (burglary) and \$600,000 under Insuring Agreement II (robbery or holdup) of the policy. The premium is to be computed on a short rate basis for the days and for the amount of money exposed in excess of \$250,000. It also provides that the bank shall furnish a record of daily cash balances to the insuring company and shall permit the company to audit the records necessary to determine the additional premium. The premium can be adjusted on a monthly, quarterly or annual basis.

Such a plan, however, is fitted only to those isolated cases where cash is high for a very short period. Care should be taken in the analysis of such a problem for it is very likely to be cheaper in most cases to buy coverage on an annual basis rather than pay the high short rate premiums.

Burglary and robbery coverage can, of course, be written as primary insurance on a concurrent basis or as excess coverage with Bankers' Blanket Bond Nos. 2, 8 or 24. The war exclusion clause may bring us some problems in this present day of air raids, false and other-

wise, of blackouts, etc. It appears that our "mysterious and unexplainable disappearance" coverage holds in a practice blackout or in an air raid where no damage is caused by bombs or other acts of war. This clause of course is incorporated or available in Blanket Bonds Nos. 2, 8 and 24. It seems apparent that in-transit coverage is good even where loss is caused by acts of war, such as military, naval or usurped power, provided the bank had no knowledge of such conditions when initiating the transit risk. Registered mail insurance, of course, excludes risks of war and from time to time certain destinations may be excluded from any coverage whatsoever.

NATURALLY in the handling of cash and securities and valuable records during wartime we know that extra care is essential. We have instructed our tellers to keep their counter and drawer cash at an absolute minimum and to keep as little money exposed as possible. A simple movement of a bookkeeper's arm seals our commercial ledgers in their individual fire-resisting vaults. All notes, securities and collateral, held in the loan department, are kept in a steel cabinet truck which can be rolled into the vault on a moment's notice.

Now, what should we look for under fire and casualty? Be sure it is adequate and that you are taking all physical precautions. Again we should remind our credit department of the hazard in increased inventories in borrowing lines. A situation came to our attention the other day of a firm whose business has trebled during recent months. The inventory on December 31 stood at \$100,000 and fire insurance carried was \$30,000 with 90 per cent coinsurance. A fire would leave that firm in a difficult position. The insurance coverage should have been \$90,000.

We have a sizeable portfolio of FHA Title II mortgages. Some of them are located close to the East Coast. It settled our minds a great deal when the Federal Housing Administration announced that properties damaged by enemy bombs will not have to be repaired to be accepted in exchange for bonds guaranteed by the Government under the mortgage insurance. This came shortly after the announcement

on December 13 of the establishment of a \$100,000,000 War Damage Corporation for the protection of property destroyed by war and bombardment. The Senate on February 5 passed a bill increasing this amount to \$1,000,000,000 with free insurance for not more than \$15,000 for a single risk. A companion bill, passed by the House on March 2, made no provision for free insurance.

Of course during wartime there are various acts of vandalism, malicious mischief and explosion which would ordinarily be excluded under the stand-

ard fire insurance policy as being acts of war. Some of the fire companies have made available extended coverage endorsement, a new explosion policy and new vandalism and malicious mischief endorsements. These latter are to be used with the extended coverage endorsement and with the riot and civil commotion policy. Such policies may be used to protect against acts of sabotage and accidents arising out of army maneuvers.

It is observed that collision insurance rates in New York State along with

many others have been increased 10 per cent. The reasons given are that the stoppage of manufacture and sale of new cars will increase the average age of cars on the road and tire rationing will increase the hazard from blowouts. This item is directly important if the bank owns automobiles.

Public liability—insurance against the unknown hazard—presents its problems. It might be an excellent thing to consider a changeover to the new comprehensive liability policy. This is the broadest available coverage and would certainly provide the best bulwark against the undreamed-of hazard.

Certainly we should all do what we can to trim our ship for the storms that may come, and may I repeat, only constant vigilance will keep it trimmed.



Correspondent Bank Service

Through the divisional organization of this bank, the business of banks and bankers is concentrated in Division F. This affords to correspondents the prompt and personal attention of officers who, through years of experience and broad contacts in all parts of the country, render efficiently the many services required by bankers.

Executive officers coordinate the divisional organization with all other departments of the bank, rounding out a complete financial service.

Banks are invited to use our comprehensive facilities to the full extent of their needs.

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

"Food for Freedom" Program Starts In Virginia

BANKER cooperation in the Food-for-Freedom program took its first step forward in Virginia at the first "farm credit school" of the Virginia Bankers Association, held recently in Roanoke.

Following closely the American Bankers Association's program as outlined in the manual "How Banks Can Assist in the Food-for-Freedom Program," the Virginia bankers farm credit course was designed to serve as a training school for the county key bankers, equipping them for the job they are expected to assume in carrying out the Food-for-Freedom efforts of banking in their counties.

AT ROANOKE

C. T. O'Neill, left, chairman V.B.A. agricultural committee, and J. H. Payne, association secretary



E. W. MCCLAREN
BANKING

PROLONG THE LIFE OF YOUR BURROUGHS MACHINES WITH BURROUGHS MECHANICAL SERVICE

Today it is vitally important that all users of figuring and accounting equipment make their machines last as long as possible.

The accessibility of experienced Burroughs service men . . . the quality of their work . . . their eagerness to do a good job . . . all are major factors in helping Burroughs users to keep their machines in uninterrupted operation—get more and better work out of them—and greatly prolong their life.

For complete information, telephone your local Burroughs office, or write direct to—

BURROUGHS ADDING MACHINE COMPANY
DETROIT, MICHIGAN

In addition to mechanical service, Burroughs also offers the advice and counsel of its Systems and Installation staff, which is often able to suggest operating short-cuts that save time, as well as to show how related records and vital statistics may be obtained as a by-product.



BURROUGHS MECHANICAL SERVICE PROVIDES THESE ADVANTAGES

- 1 Burroughs mechanical service is rendered by factory-controlled, factory-trained, salaried representatives whose service work is guaranteed by Burroughs.
- 2 Every Burroughs service point has genuine Burroughs parts to meet any service need.
- 3 Burroughs service is national, conveniently located to give prompt attention to every call.
- 4 All Burroughs service men are promptly and fully informed about every improvement in service, every new feature and every mechanical change.

Burroughs

FIGURING, ACCOUNTING AND STATISTICAL MACHINES SPEED WAR WORK

EQUIPMENT and IDEAS

This department of BANKING is conducted by John J. McCann.

Training Program

SEVERAL MONTHS AGO, FIRST NATIONAL BANK & TRUST COMPANY of Oklahoma City organized a training school to fill the ranks of drafted personnel. When the opportunity for training was first offered to high school and business college graduates as an educational proposition, but no pay during the training period, enrolments were few and far between. The plan then offered a base rate of 30 cents per hour and filled the class without further difficulty. The following are sidelights on the bank's experience to date:

One week of work in the training school shows whether the boy or girl is adaptable to bank routine and is warranted in continuing the course.

Left-handed people seem to be unable to adjust themselves to the operation of adding machines—that great common denominator of banking operations.

Applicants who are pianists or typists have a definite advantage because they are adept with their fingers.

Only about 50 per cent of girl applicants have shown enough efficiency to complete the course. Boys have a greater natural skill in handling machines.

The vocational placement departments of high schools have proven to be the best source of applicants.

It takes three 40-hour weeks of training on the average to qualify the new employee for work in the central proof department.

It is not advisable to work the trainees by the side of an experienced operator in the beginning; it makes them nervous and sometimes embarrassed. The bank has found it necessary to establish an intermediate step on bank proof machine work, where the novice can go slower and make corrections. After three to four weeks, the new employee can carry his share of the load.

The training school not only reveals the student's aptitude for the work, but also uncovers his mental fitness for a permanent bank job and indicates the extent of his enthusiasm for advancement. In short, the school will be a material help in minimizing turnover later.



The American National Bank and Trust Company, Chicago, was among the first 500 banks to apply for the Lockheed Aircraft Corp. window display, above, featuring a model of the famous Lockheed "Lightning" interceptor plane in construction and promoting the sale of Defense Bonds. Thirty such displays are either on the road or in the process of construction. For information on how to obtain this Lockheed window display see page 13.

Chief Clerk Frank Shaw, managing the school, reports that it is now a "going concern" and paying its way.

Personnel and Equipment

STATE BANK AND TRUST COMPANY of Evanston, Illinois, reports another practical system of replacing drafted personnel. The bookkeeping department was organized as a training school for new girls. As soon as they could handle the work, the more experienced girls were shifted to other departments. In time this gradual shifting has left the department free of draft worries. The same plan operates now in the proof department. As the men are required to fill in elsewhere, or are called to service, this department will eventually be entirely staffed by girls. Some girls who formerly worked in the bank, but had married, were persuaded to return for special work and training assignments.

A year ago the bank purchased new equipment for several departments. Work and efficiency were stepped up, less help was needed. More recently every machine, new and old, was thoroughly inspected, overhauled and put in first-class condition. To insure operating efficiency and longer life from that point, the bank placed maintenance contracts with local agencies on all equipment.

Paper conservation was effected by limiting all forms and other printed material to a lighter weight stock. This thorough program considered no item too small to dismiss without investiga-

tion. One example: pen points for customers' desks. A better grade of points, costing perhaps 10 cents instead of one cent, gave six weeks' use instead of one day.

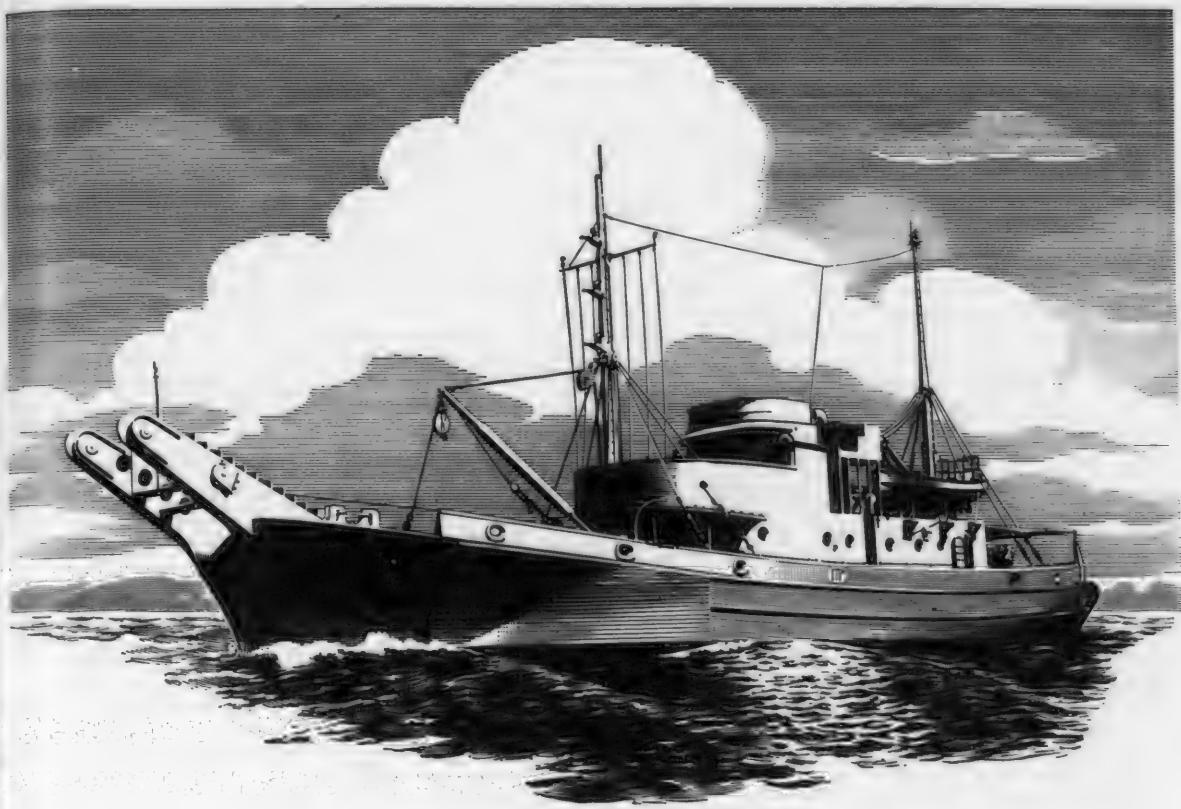
A general house-cleaning was made in the records department. Forms and records which could be destroyed were baled and sold to the junk man—the middleman who suddenly finds himself in big business supplying materials for munitions cases.

Survey-Report

STEPHENS NATIONAL BANK of Fremont, Nebraska, did a real job for itself and community when, upon learning that an ordnance plant was scheduled for the vicinity, it sent a staff member on a tour of four cities which had firsthand experience to offer. Realizing what a 25 million dollar plant would do to its own service facilities directly and indirectly through commercial customers, the bank decided to set its house in order and be prepared to meet the situation well in advance of the actual plant opening.

Miss Florence Swihart, director of public relations, tells how she prepared for the tour: First a list of key questions was assembled pertaining to the possible effects on departmental operations, need of additional personnel, potential volume increases, etc. Then, considering the indirect reaction, similar lists were prepared for retail merchants, service organizations and other account classifications. Each key question was typed

(CONTINUED ON PAGE 56)



These also Serve

Sub-Contracting in our National Effort

An integrated, powerful navy such as our own requires far more than the spectacular battleships, destroyers, submarines and aircraft which carry the brunt of battle. Equally vital to a functioning naval force are the auxiliaries such as the anti-submarine net tender depicted above, or fuel supply vessels, "mother" ships and repair craft. Likewise, in our war effort, the maker of parts is playing a vital role on the industrial front. The sub-contractor today is increasingly busy on the national production line. As the full victory effort reaches flood tide, armament worth billions of dollars necessarily must be produced under sub-contract each year.

Now, in this transitional period, sub-contract-

tors face the necessity of installing new machines, of retraining personnel, of making many other adjustments. Where additional funds are required, the Chase can be, and is, of assistance to many established manufacturers. In addition, it works closely with correspondent banks throughout the country in the solution of their defense loan problems, thus helping to bring the strength of the banking structure to bear on the needs of the nation.

That the wheels of arms production may turn more quickly, cooperation is offered not only to direct contractors but also to sound enterprises, large or small, which are capably undertaking defense work.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

EQUIPMENT—Continued

on a card. These cards served as reference data and for recording the facts gathered in more than 100 interviews. Miss Swihart contacted the banks for their experience and suggestions. With the letters of introduction they provided, she covered in the same manner all other classifications of business, which had been affected materially by the local ordnance plant.

These data were then analyzed. With facts at hand, the bank was able to visualize its own position. The balance of material pertaining to housing facil-

ties, employee problem, business anticipation, traffic problem, law violations, etc., was issued to commercial customers and other interested parties. This survey report presented facts on the character, buying habits and requirements of the construction gang, and the workers who later will take over the plant. It discussed in interesting, helpful detail experiences of retail merchants, professional men, service agencies and amusement places. For example, the report tells exactly what type of work shoe was most in demand; what happened to the price of milk and cream; how the barbers had to increase

their hours and stagger schedules; the demands made upon realtors, schools, churches, etc.

This information, invaluable to the individual merchant, was also interpreted in terms of banking. As an additional community service, the bank invited a consultation on specific problems and, if the answer was not available, it proposed further research.

Bigger Jobs

WOMEN EMPLOYEES of Nassau County (New York) banks are looking ahead to the day when their institutions will be calling on them for bigger jobs. Fifty-three employees have enrolled in a special course of lectures at Adelphi College, Garden City, sponsored by the American Institute of Banking. The lectures opened last month with the subject "For Women Only," by William H. Kniffin, president of the BANK OF ROCKVILLE CENTRE, and dean of the faculty. Before the course ends late this month the ladies will have heard outstanding executives from banking and industry discuss every phase of their prospective work. The interest and enthusiasm shown for this type of training is a suggestion for other groups to organize over the country. The call for women in banking is bound to become greater as draft boards fill their quotas.

Spring Fever

SPRING HOUSEHUNTING is on in Los Angeles and elsewhere. CALIFORNIA TRUST COMPANY suggests a way to get realtors' attention for property listings.

PROPERTY

Listings



It issues legal-size mimeograph bulletins of available listings with especially printed covers. The covers carry attractive hand-lettered type of informal character, startlingly bright second colors (magenta, sky blue, Chinese red) and effective use of symbolism, all characteristic of the modern typographical designs issued by this institution.

MECHANIZATION *and* MAINTENANCE *makes money for all!*



Efficiency in farm operation has a very definite bearing upon the success of America's Defense Program. In the production of more food and fibre on the farm, every saving in time and labor has new economic importance. Hence the growing need for more or better machinery on more farms — modern tractors and machines like Minneapolis-Moline, that have the precision, the versatility, the power to meet above-normal demands. Thousands of deserving farmers need additional MM Machinery but some need the "credit" assistance of the MM Dealer and local banker. Cooperation in this direction will react not only in more food and fibre for Defense, but in more dollars for farmer, MM Dealer, banker, and the community at large. It's everybody's turn to work for the common good. It will also be good business to see to it that your customers who do not need new machinery this year, keep their MM Machines in good repair, and order needed parts early.

BRANCHES NEAR EVERYWHERE

Invest in Defense Savings Bonds and Stamps
"Keep 'em Flying!"



MINNEAPOLIS-MOLINE
POWER IMPLEMENT COMPANY
MINNEAPOLIS MINNESOTA U.S.A.

Holiday

THE PLAINFIELD (N. J.) BANKERS ASSOCIATION relates an interesting story on how it observed Washington's Birthday. One member institution—THE PLAINFIELD TRUST COMPANY—was selected to open on this day from 9 A.M. to 1 P.M. solely for Defense Bond and Stamp sales. On the Saturday previous to the Monday holiday, the association ran a cooperative newspaper in local papers announcing the plan. Public reaction was appreciative. Some \$5,250 in bonds were sold. During the four-hour period representatives of each bank served a shift of duty at the Plainfield Trust. Favorable publicity well repaid the institutions for their efforts. Other holidays are coming up and this idea might be worth adoption.

Saving Tin

BANKS ARE asked to cooperate with a new, non-profit organization, the Tin Salvage Institute, the purpose of which is to reclaim metal used in collapsible tubes containing tooth paste, shaving cream, etc. It is estimated that 20 to 25 tons of tin in this form are thrown away daily.

The public is being urged to take their used collapsible tubes to the nearest drug store, from which they will be collected by the wholesalers and shipped to the Institute at Hillside, New Jersey.

It has been suggested that banks can help publicize the campaign by means of enclosures in statement mailings, form letters to customers, memorandums to staff members, and other ways.

Bulletin Board

TAKE A LOOK at your employee bulletin board! Are the postings well arranged, do they have color and illustration? Or, is it a hodge-podge of paper stuck on a wall? You may find this important medium full of sins of omission, and commission, and figuratively crying for parental guidance. Suggestion: Rip it down, if it doesn't reflect the quality ideals of the organization. Put up something worthy of notice.

The formal notice could be dressed up with punch and pep. But aside from office memoranda, there's a load of excellent material going over every officer's desk daily. In fact, there are articles in this and every issue of BANKING and other publications well worth employee attention. Plug Defense Bonds with regular changes of posters—don't keep the same one up indefinitely. Post the bulletin with news, fresh news. It will pay.

April 1942

Ain't So

QUOTING WILL ROGERS, "People Know Too Many Things That Ain't So," the Meadville (Pa.) banks run a cooperative newspaper advertisement to set local thinking aright on why banks are spending time, effort and money on Defense Bonds and Stamp sales. This full-page insertion caricatured the gossips: Grandpop, Letitia Q. Blight, Lamuel Hound, etc., boxed the frequently heard lament: "It's a shame . . . the way the banks are making money on the sale of U. S. Bonds," and labeled it: "Time to drag

it out in the open." Body of the text told facts; that they received no compensation, fees or profit, in fact, no reimbursement for stationery, postage or clerical help. It cited that Meadville banks had spent over \$600 in local advertising promotion and a total clerical time worth \$9,600 and, furthermore, many bonds were purchased with dollars of withdrawn deposits. Footnote comment advised the reader that the banks and bankers are pretty well able to take it. It points out that such criticism would have passed unnoticed if it were not the first step in a whisper-

(CONTINUED ON PAGE 59)

Helping to "Keep Them Rolling"



FOR years the Chicago area has been one of the leading oil refining centers in America. Its location is central and strategic—with pipe lines from producing fields, and a network of rail and water transport throughout the Middle West.

Now, more than ever, the nation

depends on lubricants, oil, gasoline, and other petroleum products.

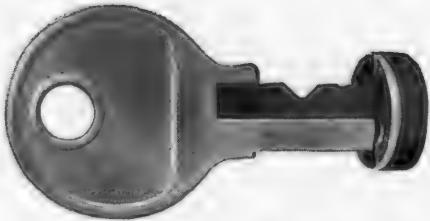
Whatever the needs, the Chicago area is helping to meet them. And the Continental Illinois National Bank and Trust Company takes this means of recognizing the achievements of another basic industry.

**Continental Illinois
National Bank and Trust Company**

OF CHICAGO

Member Federal Deposit Insurance Corporation

Locks



and Manpower

Wages

Hours

PERSONNEL is being lost to the war effort. Work and its costs are being increased. Both can be minimized by taking full advantage of every feature on National Window-Posting Machines.

During these critical times, Nationals are an important factor in the current problems of manpower, wages and hours.

Of utmost importance are the locks on these machines. They permit easy, close supervision; they insure a true accumulation of deposits and withdrawals exactly as posted—by individual tellers; they protect a printed record identical with that given to the depositor. And they give the auditor positive control, the depositor security, the tellers proof of trustworthiness, the officers confidence.

Every cent posted adds into some lock-protected total. Only the auditor controls resetting of these totals; and the machine also provides him with separately locked grand totals of deposits and withdrawals. Then, too, detector counters indicate every opening of the locks, just in case some unauthorized person should get possession of the key.

Your National Window-Posting Machine is not just a posting machine . . . nor just a series of adding machines . . . nor just the watch-dog; it is all these combined in a single unit.

By utilizing every feature your National offers, you will take a long step toward bridging the manpower gap, and toward solving your increasing wage-hour problems.



The National Cash Register Company
DAYTON, OHIO

TIME-AND-LABOR-SAVING PRECISION OFFICE MACHINES FOR
FINANCE, INDUSTRY, RETAIL BUSINESS AND GOVERNMENT

EQUIPMENT—Continued

ing campaign that could do serious damage to the whole defense financing program. With the injection of a little humor, this ad nips a problem, which seems to be growing, right in the bud.

Budget Control

CENTRAL TRUST COMPANY (Cincinnati) introduces a new angle in bank service: "The Budget Control Plan." This plan is designed to provide a much needed budgeting program for credit-worthy individuals in higher salary brackets, who have large income taxes and insurance premium obligations, thus leveling off expense peaks that occur during the year. How does it work? First, the individual gets together his figures on lump-sum obligations for a 12-month period, then presents the analysis sheet to any of the company's eleven offices. Thereafter, throughout the year, at agreed upon dates, the company issues checks in total for taxes, insurance and other obligations. The cost of this service is low in all cases. It varies according to the dates on which the bank advances the sums required, with a minimum fee of \$10 for a year's service. Unpaid balances are covered by life insurance. This service has been working successfully in other institutions in connection with tax and insurance loan plans. The Central has merely extended the plan to cover all large obligations. Says the bank: "It is, we feel, tuned to the times, the needs of the individual, and the need for something to replace the dwindling activity of the personal credit department."

Americana

MOST APPROPRIATE time to trot out Americana is anniversary time. At the PARNASSUS NATIONAL BANK, New Kensington, Pa., President C. R. Atler displays many of the Civil War curios which have come into the bank's pos-



session as gifts from previous officers and directors. The antiques include a spinning wheel, one of the rare 13-star

MARKET RECORD ***

HAS APPLIED TO
*** FEDERAL RESERVE
FOR DESIGNATION UNDER REGULATION W



AT ABA CREDIT CLINIC :: CHICAGO: APRIL 15-16-17

SPECIAL BANKERS' EDITION \$6 per year

THE MARKET RECORD, INC., 20 NORTH WACKER DRIVE, CHICAGO, ILLINOIS

CORRESPONDENT SERVICE IN SOUTH AMERICA

AMERICAN banks are invited to utilize the correspondent facilities available through the 21 branches of this bank in Central and South America. The Royal Bank of Canada which has been closely identified with Latin American trade and commerce for many years, offers to American banking houses a well-informed, efficient service in the south.

Inquiries invited through our
Business Development Department
New York Agency, 68 William Street

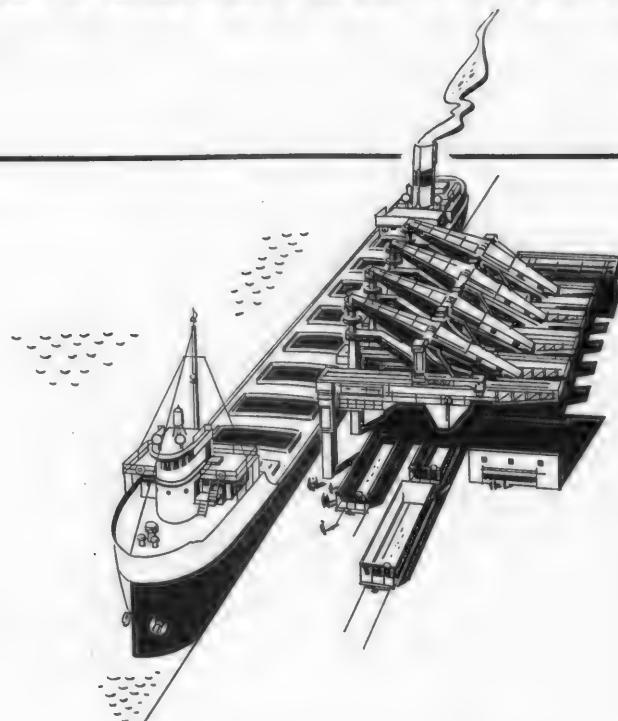


THE ROYAL BANK OF CANADA

Assets exceed \$1,000,000,000

Head Office—Montreal

WHAT CITY receives the WORLD'S LARGEST ORE TONNAGE



In 1940 and 1941 Cleveland imported the largest ore tonnage of any city in the world—more than twelve and a half million tons last year. Every indication points to a still greater tonnage for 1942.

In steel production—as in aircraft parts, machine tools, and many another vital war industry—Greater Cleveland stands in the forefront of America's victory drive.

For prompt handling of collections and transit items in this important industrial region, we invite you to use the complete facilities of this bank.



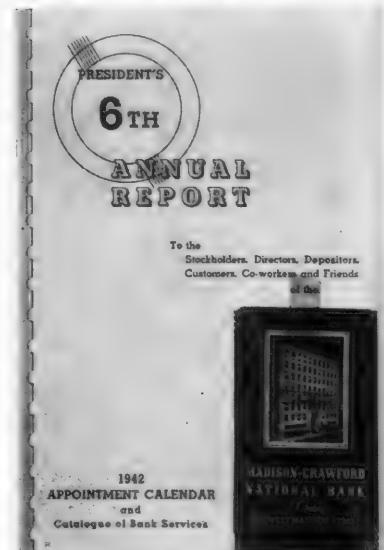
CENTRAL NATIONAL BANK
of Cleveland

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

flags, an electric generating machine once used as a parlor game, glass canes and glass fireman's hat made by President Alter as a lamp chimney factory apprentice some 50 years ago. Anniversary time is a time for reminiscences. This material tells local folks many a human interest yarn of 70 years of service.

Annual Report

THE PRESIDENT'S annual report of the MADISON-CRAWFORD NATIONAL BANK (Chicago) makes some interesting innovations. This publication is not content to leave its stockholders, directors, depositors, co-workers and friends with a book that serves its purpose once it is read. This bank report combines two practical uses. It contains a tabbed catalog of banking service and a daily appointment calendar. The calendar idea lengthens not only the life, but the use of the report all year. It is attractively printed, bound in plastic. Not



forgetting the Victory motif, Remember Pearl Harbor slogans and Buy Bonds appear throughout the book.

April Fuel

UNCLE SAM suggests—in fact, has requested—that private individuals buy their next winter's coal now in order to relieve the pressure of freight haulings later in the year. This is a task in which the personal loan department might play another patriotic role and increase its earnings. Most coal companies, at this time of year, give the early buyer premium rates for cash; a price advantage above their usual instalment contracts. Small dealers, however, haven't the capital to offer such attractive budget terms.

North of the Border

Notes on Canadian Business

SUBSCRIPTION books for the Victory Loan campaign in March were open for three weeks as arranged. The objective was \$600 million but it was no secret that the organizers hoped to raise a substantially larger sum. All records were broken, however, when it was announced by the Government that \$979 million of the new issue had been purchased. There were more than 1,500,000 subscribers (one out of every eight Canadians).

The success of the loan was notable for several reasons: the proximity of income tax collections (March 31); the difficulty of canvassing country districts in late Winter; and price ceiling problems encountered chiefly by the small merchant and manufacturer. Aggregate individual incomes are still rising, however, particularly those of wage-earners. Industrial payrolls in 1941 were estimated to have increased \$900 million over the 1939 figure and undoubtedly the consumption of civilian goods and services has reached record

proportions. Despite this fact, there has been a substantial increase in the number and amount of small savings deposits in the chartered banks, while the number and amount of large savings deposits has been reduced considerably.

The credit of the Dominion Government should be high following the reception given to the Victory Loan. Possibly the opportunity may be used to refund \$100 million of 5 per cent bonds due 1952 and payable in New York; the issue is callable after May 1, 1942.

IN recent years, Canada has usually ranked among the first five trading countries although less than 1 per cent of the world's population lives "north of the border." On a per capita basis Canadian trade far exceeds that of the United States. The exigencies of war have stimulated this development; exports in 1941 (excluding gold) reached the highest total in history, viz., \$1,621 million, although many markets were closed as a result of enemy occupation.

This figure may be compared with \$925 million in 1939. Great Britain, traditionally Canada's best customer, took about 40 per cent while the United States absorbed 37 per cent.

On the other hand, the American Republic, historically Canada's leading supplier, furnished 73 per cent of 1941 imports which aggregated \$1,366 million. In 1939 these amounted to \$751 million of which the American share was 66 per cent; in 1936 it was 58 per cent, in 1933 only 54 per cent. The trend is significant of the closer economic relations which have been cultivated during the last decade.

Including non-monetary gold, exports to the States in 1941 were exceeded by imports to the extent of \$228 million as compared with surplus exports of \$24 million in 1939. Under present conditions, the very favorable balance of trade with countries in the Sterling Area cannot be converted into American dollars to meet this deficiency.

A CANADIAN CORRESPONDENT.

Dealers in UNITED STATES GOVERNMENT STATE AND MUNICIPAL SECURITIES



BANKERS TRUST COMPANY

NEW YORK

Heard Along MAIN STREET

NEW HONORS have come to Colonel WILLIAM G. EDENS, the widely known vice-president of the Terminal National Bank, Chicago.

Mr. EDENS has been notified by George A. Quinlan, superintendent of highways for Cook County, of a projected new parkway "300 feet wide, with no left turns, stop lights or cross traffic."

"The highway," wrote Superintend-

ent Quinlan to the colonel, "is known as Edens Parkway, named after one William G. Edens who was the first man in Illinois, so far as I know, who got interested in concrete roads and modern highways."



If you go to the annual conventions and eastern regional meetings of the American Bankers Association, the

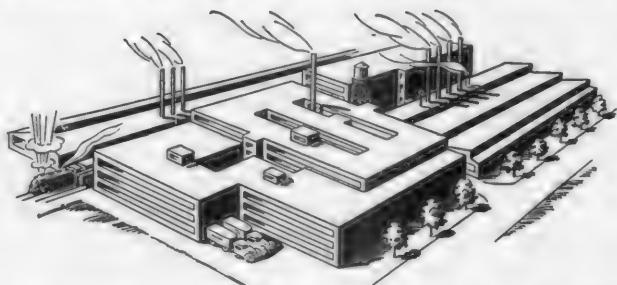
chances are that you've seen, sitting in the front row and busily taking notes, a man in clerical attire. He's the Reverend WILLIAM E. ROOP, president of the Westminster (Maryland) Deposit and Trust Company, and minister of the Church of the Brethren.

Mr. Roop has been a minister since 1893, a bank director since 1929, and a bank president since 1933. He seldom misses A.B.A. meetings, for he wants to keep in as close touch with banks and banking as with the affairs of the church he has served so long.

At the age of 77, the Reverend Mr. Roop takes an active part in the bank's work. Although he doesn't spend all his time at the institution, he's subject to call there, and his officers keep him in close contact with operating details. He represents the bank at bankers' gatherings and has an important part in policy making.

Returning to Westminster after an A.B.A. meeting, President Roop gives a full report of the proceedings to his board of directors, outlining papers and addressees that have interested him, and passing along ideas.

Wartime Industrial Changes Present Many New Banking Problems



The all-out requirements of America at War have necessitated many far-reaching changes in our industrial production and economic life.

The curtailment or temporary abandonment of many consumer goods...the shift to production of the essentials for Victory...present many new and complex problems to both management and banking.

In many cases, emergency financing has been necessary to expedite our rapid, unprecedented expansion of productive capacity.

To our many correspondents we offer the experienced counsel of our officers in solving your own Wartime financial problems. And when local demands exceed your own loan limits, our credit facilities are always at your service.

MERCANTILE-COMMERCE

Bank and Trust Company

SAINT LOUIS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Mr. Roop

On Sundays he conducts services and preaches to the two congregations under his charge in Reisterstown and Westminster. Weekdays he carries on the duties of his two professions, officiating at weddings and funerals, or making a trip into the country, as a member of the bank's mortgage loan committee, to appraise a property.

A busy life? "Oh, yes," says the Reverend Mr. Roop. "But it's a

(CONTINUED ON PAGE 64)

An Important National Bank in Texas Simplifies Complete Banking Routines WITH MONROE MACHINE EQUIPMENT



Monroe Adding-Listing Machines and Calculators operating in the Proof Department of The Fort Worth National Bank, Fort Worth, Texas.

Survey indicates varied uses and complete satisfaction for Monroe Machines for many departments in The Fort Worth National Bank

DEPARTMENTS USING MONROE MACHINES

AUDITING	INTERIOR PROOF
TRANSIT	SAVINGS
COLLECTION	ALL TELLERS' CAGES
EXCHANGE CAGE	SCHOOL SAVINGS
PERSONAL LOAN	GENERAL BOOKS

GENERAL IMPORTANT INFORMATION

Multiple user of Monroe Adding-Listing machines, and Monroe Adding Calculators. Seven years satisfied use. All operators well satisfied with equipment. Monroe equipment adaptable to all types of bank routines. Monroe service very satisfactory.

Many other banks in this country have made multiple installations of Monroe complete figuring equipment. During the emergency Monroe offices in all principal cities are prepared to render service to increase and prolong the use of Monroe equipment.

MONROE CALCULATING MACHINE COMPANY, INC., ORANGE, NEW JERSEY
Reasonable, Prompt and Efficient Service Available from all principal Cities

MAIN STREET—Continued

healthy one, too, for my doctor says I must be fooling about my age. Tells me I'm 67, not 77."

How did he become a banker? Well, more or less by inheritance. His father, John D. Roop, had been a bank director and the son stepped into the position when the elder Roop died in 1929 at the age of 92. The presidential post came a few years later incident to a reorganization.

We almost forgot to mention that before Mr. Roop became the Reverend Roop, or Director Roop, or President

Roop, he was Civil Engineer Roop, a profession in which he's still much interested.

He's a graduate of Western Maryland College and Yale University.



Since June 1938 M. K. ROBBINS of the audit department of the Federal Reserve Bank of Cleveland has spent his spare time in collecting paper matchbooks. His collection includes specimens from every state in the Union as well as 30 foreign countries. They are carefully filed alphabetically by states and cities.



At present, Mr. ROBBINS has 60 bound volumes containing 19,500 matchbooks, which should be some kind of a record.

Several years ago he was awarded first prize in a hobby show sponsored by Cleveland Chapter of the American Institute of Banking.



When folks in Mount Vernon, New York, want to give a benefit minstrel show they generally ask JOHN SOBEK, JR., to direct it.

And Mr. SOBEK, who is head bookkeeper of the Mount Vernon Trust Company, generally says yes, provided the performance is a benefit. For several years he's been contributing his services as producer and director of amateur performances that will help worthy causes, such as parent-teacher association welfare work, boys' club projects, or the volunteer firemen's benefit fund.

Mr. SOBEK, formerly a professional musician, has a collection of thousands of jokes he uses as patter and gags for the endmen. In fact, he's heard so many jokes that he seldom comes upon a new one.

While a performance is in preparation he gives two or three evenings a week to rehearsing the cast, and gets his reward from seeing the show develop from raw material into a production that brings down the house.

He got interested in minstrels a few years ago while on vacation when he first tried his talents at directing an amateur production at a little seaside town. It was such fun that he tried again in his home city.

Now his services are much in demand.



WILLIS FOSDICK, Colgate '36, joined the staff of the Union Dime Savings Bank of New York in that year.

WILLIS turned out to be quite a versatile fellow and has contributed largely to the success of the bank's so-
(CONTINUED ON PAGE 66)

GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of consumer goods manufactured by GENERAL MOTORS CORPORATION and its affiliates or sold by dealers in its products, such as automobiles and trucks; refrigeration and air conditioning appliances; lighting, power and heating equipment.

The business consists of investments in self-

liquidating credits, which are widely diversified as to region and enterprise, capital employed being in excess of eighty million dollars.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.



These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK

BRANCHES IN PRINCIPAL CITIES

Prompt and Reliable INFORMATION ABOUT CANADA

Through 565 Branches in Canada, the New York Agency of The Canadian Bank of Commerce is in close touch with every phase of Commercial and Financial activity in the Dominion. It is well equipped to assist and serve corporations, firms and individuals interested in Canada.

INQUIRIES INVITED

THE CANADIAN BANK OF COMMERCE

HEAD OFFICE . . . TORONTO, CANADA

S. H. LOGAN,
President

A. E. ARSCOTT, Vice-President and
General Manager

NEW YORK AGENCY: Exchange Place and Hanover Street

Agents: C. J. STEPHENSON — N. J. H. HODGSON



**"Now why should
I have Auto
Insurance?"**

The real purpose of auto liability insurance is to protect you from liability losses regardless of whose fault they are. Many claims for bodily injury or property damage are the result of carelessness and may be brought even when you are blameless. Don't be Overconfident. Remember, you may be held liable for damages as the result of an accident.

Let our agent make a complete survey for all possible exposures to loss.

BE SURE—INSURE!

**AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY**

FIDELITY • SURETY • CASUALTY
Home Offices: New York

INSIST ON

**Parsons
Papers
FOR YOUR
Forms
Records
Stationery**

Superior Quality

MADE FROM COTTON FIBERS

Ask your Printer for Samples
of these fine grade Papers

PARSONS PAPER CO.
HOLYOKE · MASSACHUSETTS

**Palk's
Bankers
Encyclopedia**

The new March 1942 issue of this bank directory service of superior scope, convenience and general merit is now available. Shipped prepaid on trial order, subject to approval, at \$15.00 per copy.

Issued March and September

R. L. POLK & CO.

Publishers since 1870 producing city directories for more than 400 locations annually.

EXECUTIVE OFFICES

**Polk Directory Building
Detroit, Michigan**

**Associate Offices in Twenty
Principal Cities**

MAIN STREET—Cont.

cial affairs. Aside from his college studies he majored in magic and can perform some really amazing feats. He dabbles in music, too.

His great hobby, however, is the collecting of guns. Willis is ready at all



times to talk business should you wish to dispose of a gun. He recently exchanged a new tuxedo suit for a small calibre rifle; and when a man is prepared to give the clothes off his back for something, that's a real hobby!

At present WILLIS is attending law school and hopes to add LL.B. to his accomplishments.

★

FEW MEN have had a more colorful career than Captain MAXWELL CORPENING, a director of the Lake Shore Trust and Savings Bank of Chicago.

Captain CORPENING is a real globetrotter. He has been in practically every country in the world, including the odd corners where few white men go.

As military expert and special correspondent of the Chicago Tribune he has covered many battlefronts. His more recent stamping grounds have been the Sino-Jap, Russian-Finnish, and Spanish Wars. He has also been at the front with the German and Italian forces. He saw the Italians go victoriously into Ethiopia and saw them come out beaten.

Captain Corpeming



**FINANCIAL STATEMENT
DECEMBER 31, 1941**

GENERAL AMERICAN LIFE INSURANCE COMPANY

ST. LOUIS, MISSOURI

ASSETS

Cash on Hand and in Banks.....	\$ 8,013,050.23
Bonds (U. S. Government.....	18,199,022.31
Other Bonds.....	9,731,403.65
Cash and Bonds.....	\$ 35,943,476.19
First Mortgage Loans on Real Estate.....	39,291,927.94
Home Office Building.....	950,000.00
Other Real Estate.....	14,432,218.65
Real Estate Sales Contracts.....	738,423.59
Stocks.....	2,292,122.25
Other Loans and Assets.....	785,461.76
Interest and Rents on Investments Accrued But Not Yet Due.....	754,404.79
Interest and Rents Due on Investments (None of which is past due more than 90 days).....	288,463.51
Net Premiums in Course of Collection.....	1,999,789.30
(①) Balance of Initial Policy Liens.....	7,623,126.00
Loans to Policyholders.....	25,496,680.77
② Total Assets.....	\$130,596,094.75

LIABILITIES

① Policy Reserves.....	\$120,730,090.79
Premiums and Interest Paid in Advance.....	818,651.29
Reserve for Taxes.....	834,980.38
Reserve for Other Liabilities.....	788,768.11
Policyholders' Dividends.....	1,372,926.62
Total.....	\$124,545,417.19

Portion of Current Year's Earnings Available for Future Dividend Declaration to Participating Policyholders.....	469,259.00
Contingency Reserve.....	3,376,487.72

Under Purchase Agreement.....	\$ 2,703,445.60
For Group Insurance.....	523,042.12
Other.....	150,000.00

Capital Stock and Guaranty Fund.....	500,000.00
Surplus.....	1,704,930.84

② Total Liabilities.....	\$130,596,094.75
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① Actual Market Value of Bonds is more than \$2,180,000 in excess of the amounts shown above.

② Does not include items totaling \$800,050 which have been discharged by payments in cash or credits by policyholders, nor \$165,980.79 liens on dividends on deposit, both of which items will share in future lien reductions.

③ Includes assets in "Old Company Account" established under Purchase Agreement dated September 7, 1933, on file with the Superintendent of the Insurance Department of the State of Missouri, (copy of which agreement may be obtained from him or the company), against which the Superintendent reserved a lien to protect certain liabilities therein described and fully included among the liabilities in this statement. Status of Old Company Account on file with the Superintendent and with the company.

④ Full net legal reserves on policies issued by General American Life are secured by deposit of approved securities with the Superintendent of the Insurance Department of the State of Missouri. The capital stock, guaranty fund, and surplus are additional protection for all policyholders.

Captain CORPENING, officially assistant to Colonel McCormick, publisher of the Chicago *Tribune*, is really the colonel's Colonel House. He is a graduate of West Point, a noted horseman, and one of the country's leading polo players. He has not missed a year of active participation in this sport for over 18 years.

As a military expert he is confident of ultimate allied victory although he admits there is a long hard road ahead in overcoming the greater preparedness of the Axis.

★

J. E. TRAVIS, president, First National Bank of Tarkio, Missouri, forced by a recent illness to resign from the active chairmanship of the board of Tarkio College has been accorded the honor of being elected president emeritus of the board.

Mr. TRAVIS' services to the college have been invaluable. He first became a member of the college board in 1927 and has served continuously since that time, becoming its president in 1932. In recent years he has had the supervision of the college farms which are a part of the investments in the endowment fund.

★

EACH WINTER the Manufacturers Trust Company of New York sponsors a ski meet at North Conway, New Hampshire, home town of HARVEY D. GIBSON, the bank's president. Until this year competitors had been staff people of New England banks, but the host institution was persuaded to enter a team for the 1942 meet and proceeded to win the contest.

Last year's winner, the First National Bank of Boston, took second place and a team recruited from the banks of Worcester, Massachusetts, came in third. About 400 bank employees, representing some 50 institutions, participated.

After the competition, held the first week end in March, the skiers were entertained at a dance at the Birchmont Club, the year-round vacation center established by Mr. GIBSON for the Manufacturers' staff.

Miss JEAN MACLAUGHLIN of the Clinton (Massachusetts) Trust Company was voted Queen of the Eastern Slopes, a title competed for by the bank girls entered in the meet. In addition to the sterling silver cup donated by President GIBSON to the winning team, there were medals for leading performers in each event.

★

★



In this group are the Manufacturers Trust skiers who won the meet. Left to right, William Yepsen, Herman Nierberg, President Gibson, Roy Berggren, and Peter Pringsheim

**More Food
than ever before**

... is the goal of American agriculture in 1942. It is the all-important contribution of farmers and stockmen to winning the war. As compared with last year it means, for example, 8½ billion pounds more milk — 472 million dozen more eggs — 10½ million more hogs for slaughter — 3 million more acres of peanuts for oil. Such substantial increases in agricultural production require financing for which city dollars will be mobilized in large amounts. Local lending institutions make those dollars available to individual farmers whose notes are discounted by the Federal intermediate credit banks. By purchasing the debentures of these banks, investors place their funds profitably and patriotically on the wartime farm front.

**FINANCING
FOOD
FOR
VICTORY**

THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.
BALTIMORE, MD.
COLUMBIA, S. C.

LOUISVILLE, KY.
NEW ORLEANS, LA.
ST. LOUIS, MO.

ST. PAUL, MINN.
OMAHA, NEB.
WICHITA, KAN.

HOUSTON, TEX.
BERKELEY, CAL.
SPOKANE, WASH.

Further information regarding the Debentures may be obtained from
CHARLES R. DUNN, Fiscal Agent
31 Nassau Street, New York, N. Y.

Here are excerpts from an address to the recent convention of the Georgia Bankers Association by ROGER STEFAN, vice-president of The National City Bank of New York, and a well known authority on consumer credit.

HERE is running in New York a form of entertainment called "Fantasia." It appeals to the human senses through a new and unusual combination of sight and sound. I will not use the word "Fantasia" but rather "Phantasia" to describe a combination of sight, sound, and smell in the consumer credit field.

Generally banks have not made much contribution to such "Phantasia." In fact, the major job has been done by certain high-rate loan companies and by such other lenders as felt called upon to emulate their programs. And aiding and abetting have been many promoters, who, starved out of the savings field, invaded this fruitful valley of consumer credit.

That you now have a bear market

in consumer credit was as naturally to be expected from the preceding bull market as similar sequences in stocks and business. Even though, in addition to the natural causes, this bear market is being accelerated by governmental and artificial means, as far as you and I are concerned, the result is the same. As that famous interpreter of the Dow theory, William Peter Hamilton used to say of business booms: "No tree ever grows to the sky."

Some of you may have been familiar with such broadcasts as the "Dear Old Pappy" with his banjo on his knee, yowling "Oh, Oh, Susannah" and with it the joy of going up to your ears in debt or at least borrowing from Peter to pay Paul so that you will only be in hock at one expensive spot. By about the time this general approach had spread the whole idea had become so ga-ga with the public (which is not so gullible) my under-cover agents tell me that a popular skit in one of the now defunct burlesque houses in New York had to do with a customer who came to borrow from the "Confidential loan company" and before he was finished had been forced to submit to a complete physical examination including a photograph of his intestines; and upon being pronounced "nuts" after an X-Ray of his head, walked out minus coat, hat and pants, but owing the "Confidential loan company" interest before he received any principal. When such a slant hits the burlesque stage it shows how over-exploitation has hit an industry.

I AM holding here a piece of paper which has some of the earmarks of a check made out in the sum of \$120 to an employee in my department, and on the stub are the admonitions briefly as follows: "1. Come to our office; 2. Present this Cash Reserve Notice to our Cashier; 3. Sign a note and get the cash." No question has been raised of need, or purpose, nor is there any hint of credit standing, because the high-raters have learned that they can safely, with little ado beyond some selection in choosing lists of those to whom the "checks" are mailed, advance moderate amounts to people who are employed by good companies and by one means or another collect their advances.

Not very long ago, my daughter, then a school-girl, received a letter from a company describing the marvelous

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welcomes the opportunity to be of service to
bankers and their clients in the
Nation's Capital.

Complete Banking and Trust Service

ROBERT V. FLEMING

President and Chairman of the Board

GEORGE O. VASS

Vice President and Cashier

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YOUR Customers WILL Note THE DIFFERENCE

when THIRD NATIONAL
helps you to handle their busi-
ness in Tennessee.

Earned growth every year
since establishment in 1927 re-
flects the character of service
rendered here.

THIRD
NATIONAL
BANK
IN NASHVILLE
Nashville, Tennessee

Member Federal Reserve System and
Federal Deposit Insurance Corporation

Phantasia

personal loan service (which, by the way, this company had only started just as the consumer credit bull market was nearing its peak) which closed with these well-chosen phrases:

"Don't delay. You need no co-signer. We don't make a credit checking with your employer or your friends. Just come in and sign the note and get the cash you need."

In view of the fact that my daughter was not employed, and had no income, she could be rated as something less than a top credit risk—and so I added another to my collection of "Phantasia".

In another category there is a system—there may be more than one for all that I know—which is offered to banks whereby a bank not satisfied with charging, let us say, 6 per cent discount (or 12 per cent simple interest) adds on another \$5 per \$100 as a surety fee, only a part of which fee goes to the bank, as credit protection, and the customer is supposed to like being charged approximately 20 per cent in contrast to the 36 per cent he was presumed to be paying to the high-rate companies. Does 20 per cent buy salvation for a bank because part of the charge to the customer is labeled something besides interest?

Then there are various devices the originators of which seem to give small credit for hard-headedness on the part of banks which are asked to promote them. Some such plans enable an individual to make a purchase at some "cooperating stores" and sign a note for the amount of the purchase and then pay it off in instalments to the "cooperating bank". The result is that the credit customer does not pay any interest charge, which, technically borne by the merchant, in the long run must be paid by the cash customer. This is the uneconomic camel's nose under the business tent. Such flurries later upset the tent and bring in the swirling derishes of correction in the form of legislative restrictions, the ultimate fate of business which is not alert to repel unsound encroachment. Such things endanger the worthy and highly necessary functions of legitimate consumer credit.

ONLY a word about what the customer pays. Standard personal loan rates of 5 per cent or 6 per cent discount generally have been reasonable and are so recognized by the public. It is a good many years now since we decided to take the

plunge and charge on our personal loans $3\frac{1}{3}$ per cent discount or approximately 6 per cent simple interest on outstanding balances. There was a large element of chance in entering such an experiment and it may be that we owe the results to good timing. And I say that without intimating that it is something every bank ought to do. In fact, I am convinced most banks should not, because only on very great volume could such rates be justified.

AND what can we expect of the future? I can forecast that consumer credit business, which generally speaking, has been falling off since September 1, 1941, and more sharply after December 7, is going to fall off more. It takes no Cassandra to make that prediction under the conditions.

These probabilities stand out, I believe with certainty—

1. Your net returns from the business will be smaller, even if you can maintain present rates.
2. Credit losses will tend to increase in the war and post-war period through nervous changes of employment, through the whittling away of some of your security—particularly in the form of comakers—who have made this business almost riskless in the past, and who show growing reluctance to become comakers.
3. Personal loans will continue to be a service for the modest wage earner, and higher income taxes will make the customer in the medium and upper brackets increasingly unattractive as an unsecured installment credit risk. There was a time during the early '30's when I said in some instance: "The employee is a better risk than his company." Now I am thinking, in many cases, the employee will be a better risk than his boss.



JOHN LAUF

"It's rubber? Oh, goody! How much does that make it worth?"

**Serving the
Business that
Builds Baltimore**

SINCE 1894



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TRUST COMPANY
BALTIMORE**

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Manager

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Chicago, Ill., Plaza Washington, D.C., Hamilton
Grand Rapids, Mich., Rowe

The Food-for-Freedom Program

LAST month BANKING published a symposium, "Basic Wartime Credit Problems," the contributions to which were summaries of talks to be given at the A.B.A. credit clinic in New York. The contribution of John C. Truxal, vice-president, Lancaster (Pennsylvania) County National Bank, arrived too late for inclusion and is printed below. His subject was "The Food-for-Freedom Program: An Opportunity and a Responsibility for Commercial Banks."

John C. Truxal



I BELIEVE this program will be successfully carried out by the farmers. The bankers have the credit, if it is needed, to help the farmers, and to this extent the bankers have never been found wanting but have always done their full share in important undertakings.

Banks are not originators of credit—they are the source of credit or the suppliers of credit. The program does not ask that each bank have a full time man to go out after farm loans. However, the program does advise banks to make credit available on a sound basis to meet the needs as they arise for accomplishing the goals set. At the same time the program advises present borrowers to reduce their debt out of increased income. The Federal Land banks are advising this same procedure to present borrowers. So, while we want to effect reductions in present debts, we also want to make sound loans to farmers based on proper appraisals and proper credit statements.

These then are our opportunities and our responsibilities. We must back the program on these sound bases. The farmers must carry out the program. The bankers cannot do that part of the job and they are not asked to put the program across, but merely to supply the credit as needed, but only on a sound basis. This program will be financed and if the bankers don't provide the credit the Government will. Which would you, as a banker, prefer?

Important Announcement

**TO BANK OFFICERS
AND STAFF MEMBERS
REGARDING**

PERSONNEL PROBLEMS

- How can ambitious young bank men and women get ahead, gain deserved recognition and do a better over-all job of helping their bank help win the war?

- How can bank officers aid the efficiency of staff members and guide their efforts more effectively to help meet the personnel shortage brought about by war conditions?

Let . . .

J. STANLEY BROWN

Personnel Director

**Chemical Bank and Trust
Company of New York**

*answer these and other vital
questions for you.*

Mr. Brown's new book **THE FACTS OF LIFE IN BUSINESS**, published by J. B. Lippincott Co., has been acclaimed by outstanding personnel directors and by thousands of employees as "a handbook to success." *Every bank officer and staff member should own a copy!*

Price, \$1.50 per copy. Quantity discounts: 10 copies 10%; 50 copies 25%; 100 copies 35%; 200 or more copies 40%.

Order now from:

BANKING

Journal of the American Bankers Association

22 East 40th Street
New York, N.Y.

Simply let us know how many copies you need for your bank—bill will come later after you have inspected the book.

1001 Things for Banks to Do

(CONTINUED FROM PAGE 24)

should be referred to that credit source. As a matter of convenience to the applicant in applying to another bank or credit agency, the bank might offer to furnish him a copy of any credit records compiled in connection with his original application.

Applications that cannot be approved by any bank or credit agency should be referred to the local War Board with full information as to what means (guarantees, waivers, subordinations, adjustments, etc.) would be required to justify the loans.

Explore every available agricultural resource in the county and encourage and assist in developing it to its fullest producing capacity for war needs.

Banks should follow up such applications that are referred to other banks or credit agencies and learn of their disposition. This can be accomplished by contacting the applicant to ascertain whether his credit needs have been satisfied.

Study the community, its farmers and the productive capacity of its farms, to determine how individual farmers can best expand production at the least cost and risk in keeping with the Food-for-Freedom program.

Cooperate with the agricultural agencies in obtaining as much as possible of the needed increased production from these farmers.

Provide adequate financing for these farmers and for any other farmers who can safely be financed.

In making and servicing loans, follow suggestions on pages 17 and 18 of the manual, "How Banks Can Assist in the Food-for-Freedom Program" (prepared by the A.B.A.'s Agricultural Credit Department) under question 2.

Discourage the use of credit by farmers except for home production or war purposes.

Discourage borrowing to create or maintain excessive inventories of livestock or machinery that might depreciate rapidly if prices were to decline.

Discourage borrowing to buy farm land at inflated prices; and keep loan values on farm land at levels that are justified by long-run prospects.

There Are

NO PRIORITIES On PERFORMANCE

The demands of the war program have had their effect in many ways on your business contacts and on your daily lives. But in the midst of change one thing at least remains constant and unaffected — the quality of service you may expect from

MISSISSIPPI VALLEY TRUST COMPANY

St. Louis

Member Federal De-
posit Insurance
Corporation



87 Years of
Banking Ex-
perience

AT YOUR
Elbow

At The Roosevelt everything that makes New York so interesting is right at your elbow. Step off your train at Grand Central, follow the private passageway direct to the Roosevelt, enjoy friendlier service . . . cheerful, spacious rooms . . . delicious food . . . and a restful atmosphere that have endeared The Roosevelt to its guests year after year. Attractive rooms with bath from \$4.50.



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and his
Orchestra in the
ROOSEVELT GRILL
Nightly except Sundays

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MADISON AVE. AT 45th ST., NEW YORK
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Insist that your fire
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DEPENDABLE PROTECTION

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Service—Maintaining an intimate, personalized correspondent bank service.

Experience—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

Policy—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.

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ESTABLISHED 1908

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NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

THE TEXAS COMPANY



158th Consecutive Dividend paid
by The Texas Company and its
predecessors.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on April 1, 1942, to stockholders of record as shown by the books of the company at the close of business on March 6, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
Treasurer

February 20, 1942

**DO YOUR DIRECTORS
READ BANKING?**

Booklets at Your Service

SELECTED FOR THEIR INTEREST TO YOU

We'll be glad to see that you get a copy of any or all of these booklets, free of charge or obligation. Each one has been carefully selected for its special value to bankers and business executives. Simply mail your request on bank or company letterhead to Dept. BB-10, American Bankers Association, 22 East 40th Street, New York, N.Y.

LIGHT CONDITIONING FOR BETTER SEEING

Employee efficiency can be stepped up 15 per cent by modern lighting equipment; yet the work is done with less effort and eye-strain. Properly engineered and designed lighting for your bank will also have customer appeal. This 8-page booklet, published by a 40-year old company specializing in lighting problems, shows before-and-after illustrations of how banks have benefitted by light-conditioning their quarters. And it tells how a survey of your requirements for better light may be had at no cost or obligation.

MORE LOANS, LARGER LOANS, SAFER LOANS

A greater and more profitable loan volume can be obtained by self-liquidating loans based on inventory through field warehouse receipts. This 8-page booklet explains what field warehousing is, what it costs and how it can benefit both banker and borrower. A general grouping of 214 products and commodities on which commercial loans have been based via the field warehousing system is included in the booklet.

WARTIME ADVERTISING

Bankers who are called upon to approve advertising expenditures in business papers by companies in which they have an interest will find this "Guide To Effective War-Time Advertising" particularly helpful. The guide shows how advertisers in the trade press are aiding America's war effort by helping solve some of the war-borne problems harassing their customers.

ELECTRICAL EQUIPMENT FOR HOME AND FARM

A catalogue of electrical equipment for home and farm may not be published again in such complete form as this one until the war is over. Here are 68 profusely illustrated pages depicting every sort of electrical appliance, along with prices. Though stocks of some items may soon run out, others such as

essential farm equipment will continue to be available. In extending agricultural credit, this catalogue should be helpful as an appraisal reference in judging values of electrical appliances.

Booklets Still At Your Service

44 WAYS TO PROTECT BANK ACCOUNTS

This 16-page, smartly illustrated and exceptionally well written booklet on disbursement methods—their use and misuse—analyzes 44 ways bank customers can employ to safeguard their funds by following a modern disbursement system. Various control practices are scrutinized, such as those over check purchases, inventory and preparation, reconciliation, insurance, accounts payable procedure, payroll procedure, dividend disbursement, and so on. The booklet should help you help some of your customers.

LOOSE-LEAF BINDERS GALORE

A 96-page catalogue that will aid banks in planning purchases—fully describes every type of binder with related forms and equipment that banks need. Prices are listed.

NEW MARKETS FOR MORTGAGES

This 16-page, illustrated, factual and informative booklet reveals important facts on prefabricated houses and on prefabricating materials, methods, requirements, shop equipment and organization. Helpful background data for loaning on defense housing.

TAXES AND TRUST DEPTS.

Sample of a 12-page syndicated, monthly booklet prepared by tax experts and distributed by many banks to customers and prospects as a method of developing trust business. It presents actual tax conversion plans, is easy for the layman to understand, and offers suggestions that are practical and readily applied.



ECONOMY for HIM . . . Is SECURITY for YOU

The American Workman Needs Home Operating Equipment That is Thrifty, Dependable, Long-Lasting. It Means Greater Security for Him, Makes Him a Sounder Mortgage Risk for You!

When a wage earner buys a house, financial consideration goes beyond a choice of land and structure. For it's the monthly costs to live which deter-

mine whether he can continue to afford the security of a home of his own.

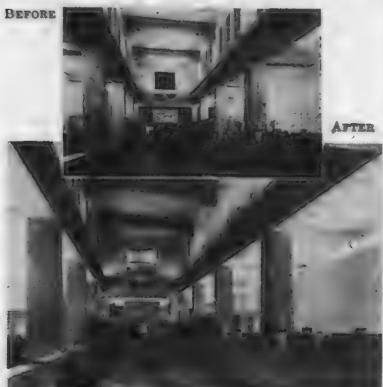
The wage earner needs home operating equipment that will keep on giving good service at low cost. He needs an efficient and adequate heating plant and wiring system, and money-saving kitchen appliances. These can contribute more in operating economies than any slight increase they may cause in monthly payments under a long term mortgage. Write us for the complete story . . . how G-E Equipment can lower living costs for your customers.

GENERAL ELECTRIC

Home Bureau, Bridgeport, Conn.



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Here's how a bank licked a tough lighting problem caused by high ceilings. It turned the job over to Wakefield BRIGADIERS . . . assuring easier, more comfortable seeing for customers and clerks alike. A Certified FLEUR-O-LIER, the BRIGADIER meets 50 rigid standards for dependable lighting performance. Write for full details.

Today the major part of our production is tied up in fluorescent lighting fixtures for wartime needs. While we shall do our best to fill your orders, deliveries for civilian use are definitely slow. So, on the BRIGADIER, try your jobber, who may be able to supply you from stock.

THE WAKEFIELD BRASS CO.
F.W. WAKEFIELD • 42 BANK PARK • VERMILION, OHIO



Contacts

Our continuous contact with trust officers is one reason why advertising prepared by Purse will be so effective in developing contacts between you and trust prospects. As a Purse customer, you benefit by the experience of hundreds of other banks. Contact with us, by letter or in person, will show you how easily Purse service can be adapted to your requirements. Write today.

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COMPANY



Headquarters for
Trust Advertising

CHATTANOOGA • TENNESSEE

When a Customer Complains

C. D. WAGONER

MR. WAGONER is director of the General Electric Company's news bureau at Schenectady, New York.

BANKS, like any business, are human. Therefore it is but natural to expect that somewhere in the complex process of affairs, mistakes can happen or misunderstandings arise.

Your customers, too, are human. So it is natural they should complain when something goes wrong, regardless of whose fault it may be. The banks are just a natural target for a disgruntled person.

The mere fact that a customer complains, however, should not necessarily mean that the customer is lost. But frequently it does. Actually, what loses customers is the fact that far too often the complaint is improperly handled. Or perhaps it would be more accurate to say "unsympathetically" handled. For example:

SUPPOSE the irate Mr. Jones telephones or calls in person. He has been the victim of a grave injustice, he sincerely believes. He is going to tell you about it or bust, and has therefore spent some little time rehearsing the exact biting words he will use. Even though it was one thing that is making him complain, he has probably added several more (of more or less consequence) to lend weight to his story.

So he starts.

Your natural inclination is to interrupt—to answer each point as he brings it up—to defend yourself against his verbal attack. *Don't do it!*

First, be a good listener. Let him do the talking for at least the first half of the interview. Let him get all his grievances out of his system. For these reasons:

Interruptions to rebut are bound to annoy. And you want to do just the opposite.

AFTER your first interruption you could easily, with your knowledge of a bank's problems, keep on and do 90 per cent of the talking. You naturally want to justify your position. But Mr. Jones would not be listening. His mind is still on what he has to say. He wants to justify his position.

As Mr. Jones talks about all his grievances, including the ones he added,

they will automatically fall into their proper perspective. The minor ones (which would have been emphasized had you tried too soon to answer them) will fade into insignificance and be forgotten—by him and by you.

DURING the first part of the interview, then, the "trouble-shooter" has only one job to perform: listen sympathetically. A few polite yesses, no's and brief comments are all that are necessary—and the comments should be in an agreeable, unexcited voice. If the customer happens to be of the long-winded, rambling type, he can be kept on the subject and "hurried up" a bit by briefly summarizing each point as he brings it up—thus showing him that you understand and automatically pushing him on to the next point without his realizing it.

Having established, on your own behalf, the pose of a sympathetic listener, Mr. Jones will more than likely return the courtesy by listening attentively when you go to bat with your side of the story.

If you have first been a good listener, you have won the first part of the argument without uttering more than half a dozen sentences. And you have discovered the one big thing that has dissatisfied your customer.

Now, second, be a good talker. Tell your side of the story. But in telling it, if possible, try to get the customer to sympathize with you or your bank. Do this by explaining how you operate, how the human element enters into your business, and how such mistakes as this one can happen. Also, what you do to prevent them.

This is important, because if you can get your customer into a "yes, I understand" frame of mind you've more than half won the second part of your argument, too.

At this point Mr. Jones may interrupt. Let him. If his point is important, answer it briefly and get back on the main track again as quickly as possible. Or try to say something like "Oh, I was just coming to that." If his point is unimportant, tell him he is right, whether he is or not. Remember, it is the one big point you want to win.

And what is that point? In the final analysis, simply this: Can you keep

him as a customer and friend? The only way to find out is to ask—but before you ask, be sure you have adjusted any wrong that might have been done through a fault of the bank's.

Then you are ready to close the interview and use the clincher. If the customer has threatened to quit, say something like "Mr. Jones, now you'll let us continue to consider you one of our good customers, won't you?" The obvious and easiest answer to that is "Yes!"

But if the customer has not threatened to quit, don't put the idea in his head. Instead say, "Mr. Jones, we hope you'll continue to be one of our customers for a long time to come."

Either way, the chances are good you'll come out on top. Certainly there's nothing to lose by trying.

Tax Hearing Sidelight

SOME MEMBERS of Congress seem to fear that the Secretary of the Treasury does not necessarily speak for all the Administration when he speaks on taxes. This was illustrated during the Secretary's appearance before the Ways and Means Committee when he answered the question pointedly:

Mr. Knutson. Mr. Secretary, a rather hasty study of your recommendations would indicate that we may at an early date look for a scramble on the part of those who wish to join the ranks of the under-privileged.

Is the financial program you have presented to be regarded as the administration program, or may we look for different views from other administration people, such as Jesse Jones, Governor Eccles, and perhaps Leon Henderson?

Secretary Morgenthau. All I can tell you is this: My superior, the President of the United States, has seen this program and has approved of it. But what other members of the administration will say, I do not know.

Mr. Knutson. Last year you strenuously opposed lowering of income-tax exemptions when you appeared before the committee. Then at the last minute the President ran out on you.

Secretary Morgenthau. No; I resent that.

Mr. Knutson. You were against lowering the exemptions, were you not, and the President later, in a letter, recommended that they be lowered to \$1,500 for married persons and \$750 for a single taxpayer.

Secretary Morgenthau. The President of the United States has never run out on anybody.

Mr. Knutson. I notice he has not run out on the Treasury yet.

Secretary Morgenthau. It is the privilege of my superior, if he wants to, to change his mind, but he has never run out on me.

H. M. B.

YOUR banking needs receive A-1-A Priority Rating with us.

Whether it be credit information, advice concerning your portfolio, collection service, or the solution of a difficult transit problem, there are neither bottle-necks nor choke points in our organization and operation.

Experience and facilities are the "commodities" which we offer you and in which there is no shortage here.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital, Surplus and Undivided Profits

\$46,000,000

Member of Federal Deposit Insurance Corporation

SAVE MONEY ON AIR CONDITIONING

by shutting out summer's hot blasts



Irving Trust Company
New York

seals its entrance against summer heat and street dust with this handsome Revolving Door. Of hollow-metal construction, with tubular, slotted pilasters and a fan in the cornice, this door forms an integral part of the bank's air conditioning system.



★ Here's a simple, scientific way to cut your air conditioning costs. Install Revolving Doors!

They'll protect your bank from hot blasts of dust-laden summer air, and reduce the load on your cooling equipment. Even if you don't have air conditioning, Revolving Doors will shut out heat, dust, dirt and noise—and provide greater comfort for your customers and employees.

Wartime priorities won't permit Revolving Doors of bronze, copper or aluminum. But we can furnish doors of furniture steel, colorful Formica, and most fine cabinet woods. Low-cost wood stock doors may be finished to match other materials.

Find out how other banks are cutting air conditioning costs with Revolving Doors. Write today for free data folder!



5 Ways a Revolving Door Pays for Itself—

- 1—Cuts heating and cooling costs.
- 2—Increases usable floor space.
- 3—Reduces damage from dust.
- 4—Assures customers' comfort.
- 5—Safeguards employees' health.

Revolving Door

DIVISION OF

*INTERNATIONAL
*VAN KANNEL
*ATCHISON

INTERNATIONAL
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Evansville, Ind.

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CHICAGO CREDIT CLINIC—FOOD-FOR-FREEDOM—BANKER-FARMER RATINGS
TWO PACIFIC COAST REAL ESTATE CONFERENCES—A.I.B. CONVENTION PLANS

ON THE HUNT FOR MORE LOANS?



★ ★ ★ HERE'S A WAY to find new sound loan business: Check your customers' balance sheets for those listing large inventories of raw materials or finished goods. You can make good loans, with such inventories as collateral (hypothecated to your Bank through Lawrence field warehouse receipts, the inventories remaining on the customers' premises). These loans release working capital and enable your customers to make advantageous purchases, take discounts and further their business activities. Write for descriptive booklets

LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W. P. Story Bldg.
Buffalo • Boston • Philadelphia • Kansas City, Mo. • St. Louis • New Orleans • Charlotte, N.C. • Jacksonville, Fla.
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

Banks in the Priority Picture

More With Less

REMEMBER this along with Pearl Harbor: Donald Nelson and the time-pressed organization under the leadership *cannot fail*. They must convert the whole business network of the nation to war and other essential purposes and they must do it within the next few months.

As the war moves ever faster and the rate of war production is stepped up to levels never before envisaged in this country, it is going to be a privilege and the duty of banks to handle a vastly bigger volume of service with a diminished supply of equipment, materials and manpower.

Some banks will face this situation frankly and right away. They will find ways to conserve machines, substitute materials and combine operations. Other banks will rely on faith, hope and temerity and when trouble comes it will be a great big surprise.

What Banks Can Do

THE greatest aid that any group can give to the war production program is to see the picture as a whole, just as Nelson and his men must look at it.

There are many ways for banks to help. Be sensible about buying. Do not try to accumulate more supplies and equipment than you have real use for. Every time a bank tries to buy too much it hurts the other banks and does a bad job for all concerned.

In talking with customers there might be opportunities to do some missionary work by explaining the necessity of priority regulations, of conservation, substitution and seeing that all equipment gets its full quota of use.

If You NEED Something

HOWEVER, if you must obtain a machine, supplies or any part of a product that is subject to priority, there are several ways to proceed.

First find out where the nearest regional WPB office is located. Make sure that you know who are the officials in charge of priorities. You will find these men invariably helpful if you want to discuss with them the problem of new equipment. That is what they are there for.

A bank, like any other business, is entitled to apply for a priority rating on any purchase which it has difficulty in effecting. Ordinarily for new equipment you should use the new form, PD-1A. If the equipment is for work being done for the Army or Navy, form PD-3A should be used instead. The original person to whom the rating is granted needs merely to advise his supplier of the fact that he has it, and if the supplier needs to apply to a sub-supplier to fill the order, he in turn has authority to cite the rating mentioned.

If a bank cannot procure a piece of necessary equip-

ment through normal, peace-time procedure, it applies for a priority rating. On the application the bank should point out the essential nature of the services the bank performs, and just how those services contribute to the smooth functioning of the national war effort. There is a place on the application form for such explanatory statements. Banks should be conservative in their demands for priority treatment, but in asking for goods really essential to their operation they need not be reticent in setting forth their case.

If, after trying PD-1A, a bank meets with no success there is one other possible course, and a seemingly speedy one, provided the bank is directly facilitating the work of contractors in whose product the army or navy is interested, or if it is working directly for employees of armed forces. That course is to put the problem up to an appropriate local officer of the armed service concerned. For example, if you are near a navy yard or a cantonment and therefore handling a lot of navy or army pay checks, it is only natural to assume that the navy is interested in seeing those checks expeditiously handled.

For complete information on the PD-1A and PD-3A procedure, apply to the regional priority office nearest your bank for copies of the necessary forms and for copies of the following press releases:

PM 2130 of January 12.

WPB 92 of February 2.

Repair and Maintenance

IN handling the problem of repairs, maintenance and supplies the procedure is even simpler. Banks are not included in the general order P-100, wherein are listed various categories of industries and businesses eligible for an A-10 rating on maintenance and supplies. However, under the provisions of what is known as the Production Requirements Plan equipment manufacturers are permitted to deliver to banks whatever is required to keep their present machinery in operation, provided always, of course, that the materials continue to be available and, most important of all, provided that the supplier is operating under the Production Requirements Plan.

The basis for this way of supplying the banks is simply an administrative decision by the officials of the maintenance and repairs section of the Production Requirements Branch. The authorization is based frankly on the fundamental principle that the WPB has no intention of allowing any present equipment in an essential civilian service to be rendered idle for the need of some repair part or necessary operating supplies.

One last thing to keep in mind is that you are dealing with a situation that changes quickly and constantly and like every other business in the country, banks must adapt themselves to this prospect.

WILLIAM R. KUHNS



The Round Table



The Inflation Front

President ROOSEVELT

THIS fight against inflation is not fought with bullets or with bombs, but it is equally vital.

It calls for cooperation and restraint on the part of every group. It calls for mutual goodwill and a willingness to believe in the other fellow's good faith. It calls for unflagging vigilance and effective action by the Government to prevent profiteering and unfair returns, alike, for services and for goods.

168 Hour Week

DONALD NELSON

WE must train our sights on 168 hours per week of machine time to match the 168 hours per week of machine gun time. The men of the production line dare do no less than the men of the battle line.

Let's

WILLIAM S. KNUDSEN

WHAT difference do taxes make now? You can't shoot with taxes. We need bullets. Let's get the bullets.

Financing the War

A. L. M. WIGGINS,
Second Vice-president, A.B.A.

OUR responsibility as bankers is to see that the job of financing the war is done in the way that will serve the national interest. This means that it should be done in a way that will not destroy the credit structure. It is reasonable and logical to conclude that if the system of private credit in America is destroyed the private enterprise system will go along also, together with most of our other democratic institutions.

The chief bottleneck and the principal threat to financing the war in the ways that will accomplish the task and at the same time preserve the credit structure, is the failure on the part of bankers and administrators of government alike, to recognize the astronomical size of the job to be done.

Not Necessarily

Admiral THOMAS C. HART

WHEN you lose a campaign you don't necessarily lose a war.

War Securities

Prof. MARCUS NADLER,
New York University

I BELIEVE that the banks, in close cooperation with the Treasury, ought to evolve another type of security which would not have the character of a demand obligation but embody some other features which would appeal to the people of the country.

This Summer, If . . .

MAXIM LITVINOFF

ONLY by simultaneous offensive operations on two or more fronts separated by long distances could Hitler's armed forces be disposed of . . . I do believe Hitler could in this way be destroyed this Summer.

Offensive

WENDELL WILLKIE

LET'S begin to strike. Let's begin to win.

When the Farmer Will Need a Friend

Vice-president WALLACE

I AM sure that if the majority of the farmers lean over backward to avoid undue pressure on the nation in time of trouble, we shall be just that much more likely to have a soundly functioning farm program when the war is over.

That is when the farmer will really need a friend.

Keep the Way Clear

EMMETT F. CONNELLY
Former I.B.A. President

ANYONE who gets in the way of production should be summarily dealt with. Manufacturers, workers and politicians should all be treated alike.

Muddling

ALF M. LANDON

WE can make it a long war by muddling along.

The Last Bastion

Prime Minister CURTIN of Australia

AUSTRALIA is the last bastion between the West Coast of the United States and the Japanese. If Australia goes, the Americas are wide open.

Be assured of the calibre of our national character. This war may see the end of much that we have painfully and slowly built in our 150 years of existence, but even though all of it go there will still be Australians fighting on Australian soil until the turning point be reached.

"Je fais la guerre"

W. RANDOLPH BURGESS, chairman
A.B.A. Economic Policy Commission

WE bankers and all others are going to work harder than we have worked in years. We are not going to have so much time for dinner parties. We are going to shorten our vacations, and our weekends, and cut down on golf.

Clemenceau, the great French war premier, had one response when he was asked to dedicate a building or make an unnecessary speech. His refusal was "Je fais la guerre," "I make war." That is what we are doing.

Enlisting Membership

DUNLAP C. CLARK, chairman, and J. R. Dunkerley, assistant secretary of the Membership Committee, American Bankers Association, recently held membership clinics in Iowa, Nebraska and Arkansas.

At Des Moines, a meeting took place under joint leadership of Ted Byerrum, A.B.A. state vice-president for Iowa, and Ray Ridge of the Membership Committee. Leading Iowa bankers, including Frank Warner, secretary of the Iowa Bankers Association, and representatives of the state banking department, devoted an afternoon to the formulation of a campaign to bring the state closer to 100 per cent membership.

At Omaha those present included Overly Peck, A.B.A. state vice-president for Nebraska, Ray Ridge, whose

territory includes Nebraska as well as Iowa, and a representative group of Nebraska bankers.

Membership meetings were also held at Little Rock and Heber Springs, Arkansas, under the chairmanship of Ewing Pyeatt, state vice-president for Arkansas.

At Little Rock, Robert E. Wait, secretary of the Arkansas Bankers Association, arranged a dinner attended by Mr. Dunkerley and members of the executive committee of the Arkansas Bankers Association, the bank commissioner, his deputy, and the officers of the Little Rock banks. Arkansas is close to the 100 per cent mark and these men hope to reach this score.

At Heber Springs the A.B.A. membership leaders met with Group II of the Arkansas Bankers Association.



DES MOINES, IOWA, CLINIC: *Left to right around the table* (residence Clinic City unless otherwise stated) —C. E. Watts, Pocahontas; C. A. Diehl; J. R. Dunkerley, New York City; Ralph Bunce; A. T. Donhowe; C. R. Gossett, Sioux City; R. O. Byerrum, Davenport; Max Von Schrader, Ottumwa; Frank Warner; Albert Halvorson, St. Ansgar; L. N. Leer; R. R. Ridge, Omaha; and Dunlap C. Clark, Kalamazoo, Michigan

OMAHA, NEBRASKA, CLINIC: *Left to right, front row*, R. R. Ridge; J. O. Peck, Lincoln; Mr. Dunkerley; O. A. Riley, Hastings; W. B. Hughes; and Herbert Echtermeyer; *back row*; S. J. Wirtz; Harold Arnsberger; A. J. Hallas; A. L. Vickery; Howard Pierce, Shelby; Henry Ley, Wayne; Osce Johnson, Burwell; and Howard Hadley, Lincoln



LITTLE ROCK, ARKANSAS, CLINIC: *Left to right around the table* —G. H. Sexton, Hot Springs; H. M. Crowe; W. A. Hicks; A. F. Bailey; C. H. Isenman; Heard Williams, El Dorado; W. A. McDonnell; Mr. Dunkerley; E. P. Pyeatt, Fayetteville; B. L. Ross, Helena; H. C. Couch, Jr.; T. W. Leggett; Theodore Carson; L. E. Hurley; T. W. Stone, Hot Springs; J. H. Penick; and R. E. Wait

Bank Credit in

In Chicago on April 15-17, as in New York, March 4-6, the American Bankers Association is holding a clinic for the study of the administration of bank credit in wartime.

The program for the Chicago meetings, discussed in more detail elsewhere in this issue, is divided into three general sections, with a day given to each: agricultural credit, emphasizing the Food-for-Freedom program; consumer credit; and commercial (war production) credit.

The pictures on these pages show a few of the persons and scenes at the Waldorf-Astoria during the New York clinic. Nearly 1,000 bankers from the eastern states were registered. President Koeneke and Vice-presidents Hemingway and Wiggins were among the A.B.A. representatives.

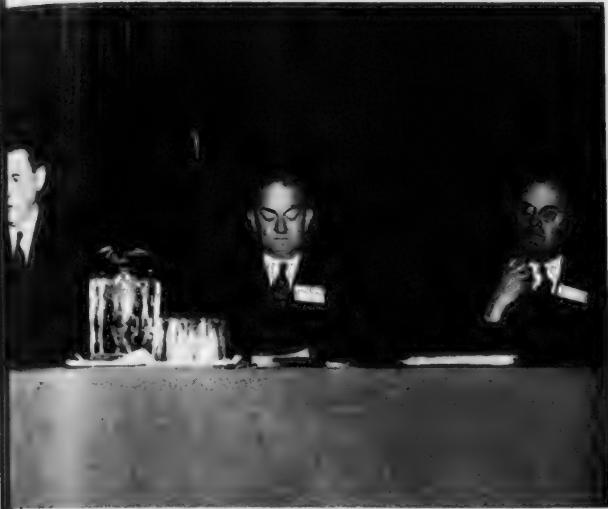


THE CLINIC OPENS—left to right, C. W. Bailey, chairman A.B.A. Food-for-Freedom Committee; First Vice-president Hemingway; Executive Manager Stonier; President Koeneke, making the opening address

ADDRESSING the clinic, President Koeneke said:

"Bankers have had a great and varied amount of experience in serving the war needs of the nation and in serving the civilian needs of the population under trying war conditions. But at no time and in no place have their varied experiences been brought together for the enlightenment of all. This is the time and the place where that can be done."

Wartime America



THREE A.B.A. CHAIRMEN—left to right, W. Randolph Burgess, Economic Policy Commission; A. L. M. Wiggins, Federal Legislation Committee; Otis A. Thompson, Agricultural Commission

HIGHLIGHTS included the presentation to the bankers of the Economic Policy Commission's statement, "The Banker in Wartime," by the chairman, W. Randolph Burgess; announcement and exposition of the Association's "Food-for-Freedom" program prepared by a committee of country bankers; a talk, "Banking Legislation in Wartime," by the chairman of the Federal Legislation Committee, A. L. M. Wiggins; and the evening panel discussion, "Our War Economy," by the staff of The Graduate School of Banking's economics department.

THE WAR ECONOMY PANEL—left to right, Prof. W. E. Atkins, New York University; Prof. Montfort Jones, University of Pittsburgh; Professor A. A. Friedrich, New York University; Dr. William A. Irwin, Assistant Director, G.S.B.





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The cameraman caught them just before they went to the platform for one of the general sessions. Left to right, Mr. Hemingway; RFC Chairman C. B. Henderson; Hugh H. McGee, Bankers Trust Co., New York; and Mr. Wiggin.

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MORNING sessions of the clinic were devoted to broad, general discussions of basic interest, while the afternoons were given over to smaller group meetings which took up specific, practical problems in the three credit fields.

One of the morning speakers, RFC Chairman Henderson, told the bankers that in addition to making loans to manufacturers they could "assist local enterprises by suggesting conversion of their plants to make war supplies and equipment." Every plant, he said, can't be used in war production, "but many

more than are now in use can and should be placed in this position."

Hugh H. McGee, vice-president, Bankers Trust Company, New York, and member of the National Defense Loans Committee, said bankers should "be alive to public opinion" and that they should "not lightly or arbitrarily deny credit to seekers, but approach each request for credit with the determination to find a sound means for providing it, and become truly realistic and resourceful in the effort to find a method based on sound lending principles."



FHA Commissioner Ferguson addressed the clinic on modernization loans.
(See page 92.)

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Kenton R. Cravens, chairman, A.B.A. Consumer Credit Council, and G. E. Cochran, Boston, both of whom spoke



HARRIS & EWING PHOTOS
BANKING

G.S.B. atten-SHUN!

THIS is the third and final instalment of BANKING's report on the wartime activities of alumni and former students of The Graduate School of Banking. The information was sent by the bankers at our request.

W. G. COBB, Bulloch County Bank, Statesboro, Georgia, is an air raid warden.

M. E. BRISTOW, State Corporation Commission of Virginia, a veteran of the Spanish-American War and of World War I, is a retired lieutenant commander in the naval reserve—and "desperately anxious to be called back to active duty so as to have the record of volunteering three times during a period of war." He has offered his services to both the Navy and War departments.

HOWARD H. RAITT, Manufacturers and Traders Trust Company, Buffalo, is deputy chief warden for a Buffalo civilian defense precinct having a population of more than 52,000. He was vice-chairman of the residential division for the Red Cross War Fund campaign.

A. L. BRACKETT, Bristol County Trust Company, Taunton, Massachusetts, is section leader in the gas defense division of Taunton's air raid precaution organization. As a member of the American Legion, he stands a regular tour of duty in a listening post.

CHARLES F. BORGEL, The First National Bank, York, Pennsylvania, is doing "a certain amount of aircraft spotting work" and has also been designated as sector warden in a York County district.

H. B. CONKLIN, Beach Haven (New Jersey) National Bank and Trust Company, serves on a tire and automobile rationing board and handles the Defense Bond sale at his bank.

PAUL E. DAVIS, Florida Bank at Winter Park, reports that he's a sergeant on the local defense force, member of a draft board and treasurer of the Winter Park unit of Bundles for Britain.

CHARLES R. HUEGELY, assistant cashier, The Farmers and Merchants National Bank, Nashville, Illinois, is chairman of his county's Defense Bond sale organization.

WILLIAM J. KINNAMON, cashier, The Hunterdon County National Bank, Flemington, New Jersey, wrote that he was serving as an air raid warden. He also finds that keeping abreast with the sale of Defense Bonds takes up a considerable amount of time.

ALFRED J. LILL, National Bank of West New York, New Jersey, is executive chairman of the defense savings committee in his town.

CHARLES R. LOSE, Hanover (Pennsylvania) Savings Fund Society, is chairman of the local defense council.

T. W. MUNROE, Fidelity Deposit Bank, Derry, Pennsylvania, writes: "So far my efforts have been rather pacific and confined to the chairmanship of the defense savings committee in this district and also the tire rationing board."

HERBERT F. MILLIGAN, Marine Midland Trust Company, Binghamton, New York, has been actively helping the Red Cross drive. Also he's been busy organizing industrial payroll deduction plans for the purchase of Defense Bonds.

C. G. McCRAW, The Union National Bank, Charlotte, North Carolina, was chairman of the Red Cross campaign for Mecklenburg Chapter. "Our quota was \$90,000," he says, "and we raised \$100,000."

GEORGE O. NYE, The Second National Bank, New Haven, Connecticut, serves on a draft registrants' advisory board. He's also an air raid warden.

H. HOLMES SMITH, Equitable Trust Company, Wilmington, Delaware, at the time of writing was on the Wilmington civilian defense committee, working as an air raid dispatcher. "I report for duty each Wednesday morning for four hours from 2 to 6 o'clock," he said, adding: "The Equitable now has 10 men in the service with approximately eight or ten leaving within the next six months either by induction or enlistment, including myself."

W. J. L. PATTON, The National City Bank of New York, is an air raid warden.

RUSSELL B. STEWART, The Miami Deposit Bank, Yellow Springs, Ohio, has "routine assignments as chairman of the finance committee and air raid warden for my section," which isn't far from Wright Field.

L. B. STAVER, The United States National Bank, Portland, Oregon, is a director and treasurer of his county's Red Cross chapter.

EUGENE E. SCHLEH, The First National Bank, Williamsport, Pennsylvania, said: "My war activities up to this point consist of going on an air watch for three hours every eighth night. Our watch is located some 14 miles from the center of the city in a mountainous district. Crawling out of bed at 4 a.m. these cold mornings



G.S.B. men awaiting luncheon call, Rutgers campus

is not so much fun; however, one is only too glad to be of service."

C. B. SQUIRES, First Security Bank of Utah, Ogden, is a member of the American Legion's home defense squad, and assisted in the Red Cross drive.

R. A. H. BRANDT, The First National Bank, Minot, North Dakota, is on the county Defense Bond committee. He also gave a series of short radio talks on defense securities.

F. M. DANA, Bank of America, San Francisco, got a leave of absence from the bank so that he might accept the chairmanship of the committee that recruited and organized civilian volunteers for the defense and service of San Francisco. "We have now recruited, registered, fingerprinted and classified for approximately 100 services, 60,000 citizens," he wrote.

J. C. REID, The First National Bank and Trust Company, New Haven, Connecticut, has been on the speakers' bureau for the local civilian defense committee.

HAROLD A. BRENNER, The Miners Bank and Trust Company, West Hazleton, Pennsylvania, has been handling the sale of Defense Bonds for the bank.

RALPH L. THOMAS, First National Bank, Pittsburgh, has been busy with fund drives, including service as a minute man speaker for the Red Cross. Also, he's a member of the speakers' committee for Defense Bond sales.

GEORGE L. WHITE, Newton (Massachusetts) Trust Company, served as chairman of the metropolitan banks division of the United War Fund in Greater Boston. The corporate gifts of the banks to the fund, reported the *Boston Herald* during the drive, ran "considerably more than twice as much" as contributions during peacetime.

CLARENCE S. WALKER, Lexington (Massachusetts) Trust Company, is on duty two nights a week as a watcher for hostile aircraft. Also, he's on a local Defense Bond committee.

DUDLEY CAUDILL, Commercial Bank of Dawson, Dawson Springs, Kentucky, in addition to having charge of his bank's Defense Bond sales effort, is also chairman of the businessmen's committee of the local Red Cross drive.

Wartime Problems

Application for enrolment at the eighth resident session of The Graduate School of Banking are brisk, reports Richard W. Hill, registrar.

The dates for the two-weeks of study on the Rutgers campus are June 15-27. Wartime credit needs and means of facilitating all phases of war financing are to be stressed at this year's course of instruction for more than 600 bank officers who are students at the School.

As announced recently in BANKING, four new instructors have been added to the faculty.

JAMES W. RAWLES, State-Planters Bank and Trust Company, Richmond, Virginia, is in the Army Reserve as an administrative officer with the rank of captain, connected with a general hospital. At the time he wrote, this unit had not been called.

C. E. MCGUINNESS, Union Bank and Trust Company, Helena, Montana, has a major's commission, but hadn't been called at the time of writing.

HERBERT ELKLAND, Second National Bank, Paterson, New Jersey, serves on a draft advisory board and is also a tire rationer.

W. L. GREGORY, The Plaza Bank of St. Louis, is air raid warden for the territory surrounding the bank.

JOHN S. BRAYTON, B.M.C. Durfee Trust Company, Fall River, Massachusetts, is chairman of the Fall River Committee on Public Safety.

JOHN O'KEEFE, Plaza Bank of Commerce, Kansas City, Missouri, an air raid warden, is also a member of the civilian defense drivers' corps and has enrolled to help in emergency feeding and housing. At the bank he promotes Defense Bonds.

DWIGHT M. WARNER, The Utica (New York) Savings Bank, is secretary of a draft board. He's also active in selling Defense Bonds at the bank and in promoting the Red Cross war relief fund in his county.

FRANK E. SMITH, United States Trust Company, Paterson, New Jersey, has been appointed chairman of a tire rationing board. He is an air raid warden, too.

VICTOR R. GRAVES, Peoples National Bank of Washington, Seattle, is an air raid warden.

ROBERT J. LUSK, Webster and Atlas National Bank, Boston, is in charge of his bank's Defense Bond sales and is also its fire chief—in case of an air raid. At home, he's a district warden.

JOHN L. WITMER, The Valley Trust Company, Palmyra, Pennsylvania, has been helping arrange blackout details for his community.

GRAHAM NASH, The Bloomfield (New Jersey) Savings Institution, is an air raid warden in his home community.

WALTER F. MURRAY, The Peoples National Bank, Norristown, Pennsylvania, is sector air raid warden for West Norriton Township—"and believe me, it takes every moment of my time."

Taxation of Bank Deposits

THE Legal Department of the American Bankers Association has just completed, for use of the Committee on State Legislation and the State Legislative Council, a survey of ad valorem taxation of bank deposits in the various states. The tabulated results are available to banks upon request.

The fact that depositors in certain states transfer their deposits out of the state on or before a certain date each year and that residents of certain states keep large amounts on deposits in banks in other states, clearly indicates an inequality in the tax burden on bank deposits in the several states. This presents a problem that has given concern to bankers for many years.

The gravity of the problem is illustrated by the answer appearing on page 1104 of the November 1941 Federal Reserve *Bulletin*, to the question whether it is feasible to impose a Federal tax on checking account deposits. It is stated there that the "proposal is not in accord with one of the fundamental principles of taxation in a democracy, namely, that taxes should be imposed in accordance with ability to pay. . . . A small business man, for instance, who earns a moderate income may have a very active deposit account which reflects the whole volume of his business transactions rather than his net profits. His deposit tax might exceed that of an individual who is much better off but whose only deposits consist of salary or dividend checks. An equitable tax would bear more heavily on the latter."

The survey discloses that there is no uniformity in ad valorem property taxation of bank deposits. In some states bank deposits are subject only to state taxes, in some they are subject only to local taxes, and in others they are subject to both state and local taxes.

The tabulation shows whether deposits within and without the state owned by residents and deposits within

the state owned by non-residents are subject to tax, the date upon which liability for tax is determined, the rate, and whether the tax is paid by the bank or the depositor. It also contains pertinent statutory citations.

Nineteen states and the District of Columbia do not impose ad valorem taxes on bank deposits. However, in some states where deposits are taxable under the statutes, little or no effort is made to enforce the tax.

In 20 of the 29 states where taxes are levied upon bank deposits, the entire burden falls upon the depositor. Even in these states the banks' business is indirectly affected by the burden of these taxes and in the others the banks are in varying degrees more directly affected. In Rhode Island and Vermont the taxes on deposits in state banks and trust companies are assessed against the banks without provision for reimbursement from the depositors. In these states the taxes on deposits in national banks are, because of Section 5219 U.S.R.S., of necessity assessed against the depositors but under the statutes, the banks may elect to pay them. Although the statutes provide for reimbursement, as a matter of practice the taxes are in many instances absorbed by the banks. In Ohio the taxes are assessed in the name of the financial institution which is given a lien for reimbursement. However, reimbursement is permissive and not mandatory and many banks absorb the tax. In Indiana the taxes are assessed against the depositor but the bank may elect to pay the taxes and if it does, the amount paid cannot be recovered from the depositor. In other states the taxes are or may be paid by the bank and charged to the depositor.

The survey covers both state and local taxes but is limited to ad valorem or direct property taxes on deposits and does not cover excise taxes for the privilege of doing business measured by bank deposits.

Ad valorem taxes
on bank deposits
are imposed by 29
states



PICTURE LOG—Financing Defense Housing:

Clinics on the theme "Real Estate Mortgage Finance in the War Emergency" were held in Seattle and San Francisco under auspices of the Savings Division American Bankers Association. This subject proved timely because of the substantial amount of defense housing now under way in the Far West. The large attendance at the clinics served to make available knowledge as to practices in the area.



Insured Mortgages and Construction Loans: C. H. Olswang, National Bank of Commerce, Seattle, speaking; seated, left to right, Stuart C. Frazier, president, A.B.A. Savings Division and vice-president, Washington Mutual Savings Bank, Seattle; and F. M. Roberts, First National Bank of Kirkland



Left, below, delegates at the session on Measuring the Quality of Mortgage Loans. At the right, below, bankers listen to the discussion of Administrative Control of the Mortgage Portfolio. President Frazier is at the extreme right, front row

Seattle

ON THIS page are pictures taken at the Seattle clinic, February 19-20. One unusual situation revealed at the meetings there was the absence, to any considerable degree, of "other real estate" among the assets of banks in the Pacific Northwest. The area's prosperity and the demand for property have either made foreclosures unnecessary or have reduced the period of time banks must hold real estate to which they acquire title.



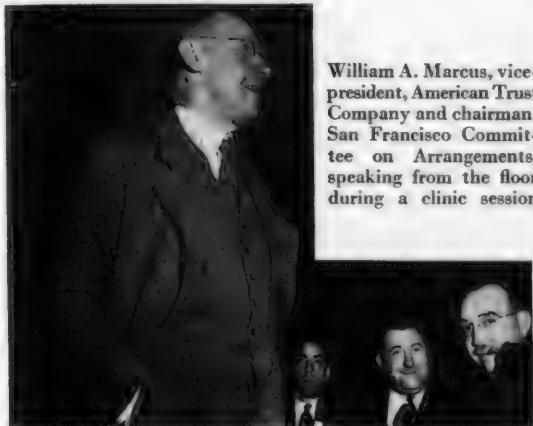
Effects of the Emergency on the Mortgage Market (panel): Left to right, C. M. Gartrell, First National Bank, Portland; E. C. Olson, Everett (Wash.) Trust & Savings Bank; Dr. Ernest M. Fisher, A.B.A. director of Research in Mortgage and Real Estate Finance, leader; A. H. Brouse, National Bank of Washington, Tacoma; and W. L. Eggert, Seattle First National Bank, Spokane



PHOTOS BY FRANK JU

Two Real Estate Mortgage Clinics in the Far West . . .

SIMILAR gatherings of bankers interested in the problems of real estate finance have been held by the A.B.A. in other cities, among them Cleveland, Philadelphia and New York. The last named city was the scene of a clinic on March 26 and 27—too late for this issue of BANKING—and it is expected that others will be held. Plans are being made for a New England meeting, probably next Fall.



William A. Marcus, vice-president, American Trust Company and chairman, San Francisco Committee on Arrangements, speaking from the floor during a clinic session



Financing Defense Housing: Discussion leader Marsden S. Blois, vice-president, Bank of America N. T. & S. A., San Francisco, left, Dr. Fisher, center, and W. Espy Albig, secretary, A.B.A. Savings Division, right

San Francisco

HERE ARE photographs of the San Francisco clinic, February 26-27. . . . In both cities there was much discussion as to whether the Government should encourage the further expansion of individual homes for defense workers, financed by private mortgage money, or the construction of large-scale temporary knockdown dwellings that would be removed after the war. Bankers discussed the problem of how banks could assume the responsibility for lending unstintingly to finance a vast construction program and at the same time exercise such restraint that home values would not be demoralized after the emergency.



Mortgage Lending Practices of Today: G. H. Schmidt, vice-president, First National Trust and Savings Bank, San Diego, waits for a panel member to answer a question

Mortgage Lending Policies Under War Conditions: Joseph R. Jones, assistant vice-president, Security-First National Bank, Los Angeles, telling delegates how his bank meets a problem

Current Legal and Insurance Problems in Connection with Mortgage Lending: E. J. Callister, assistant secretary, Security-First National Bank, Los Angeles, addressing the group



PHOTOS BY GABRIEL MOULIN

The Emphasis Is on Wartime Economy . . .



Junior Bankers Conference of the Kansas Bankers Association in Emporia. Dr. W. A. Irwin, national educational director of the A.I.B., was guest speaker. State bank leaders attending—J. F. Geis, president, Junior Bankers Conference; F. M. Bowman, C. F. Pack, Carl Floersch, secretary, president, and vice-president, respectively, K.B.A.; and Evan Griffith, state director, Defense Savings Staff. Conference officers elected: E. E. Lasher, president; Harry Schafer and J. R. Burnside, vice-presidents; and Mr. Bowman, secretary

GRANADA



Bank association leaders advance Food-for-Freedom program at poultry food dealers' conference in New York City. Left to right, A. G. Brown, manager, A.B.A. Agricultural Credit Department; E. M. Putney, sales manager, Ralston Purina Company, St. Louis; and John H. Payne, secretary-treasurer, Virginia Bankers Association



Chautauqua County (N. Y.) Bankers Association dinner meeting in Jamestown, with Walter B. French, A.B.A., deputy manager, speaking on "Current Consumer Credit Problems." Left to right, H. C. Schwartz, Jamestown; Mr. French; Carl Frantzen, C.C.B.A. president, Dunkirk; Edward Johnson, Warren, Pa.; and A. G. Johnson, Jamestown

Annual Banquet of New York Chapter, A.I.B. was attended by the three ranking officers of the A.B.A.: President H. W. Koencke and Vice-presidents W. L. Hemmingway and A. L. M. Wiggins. Left to right, on speakers' dais, Harry E. Ward, Mr. Koencke, Winthrop W. Aldrich, Dr. Jan J. Masaryk, Minister of Foreign Affairs and Deputy Prime Minister of the Czechoslovak Government in exile, who spoke on "War and Peace"; Clarence V. Joerndt, George T. Newell, Most Rev. J. Francis A. McIntyre, W. Randolph Burgess, J. Stewart Baker, and Eugene C. Donovan





MCLAREN

COUNTY KEY BANKERS from all parts of New York State met in Syracuse to set in motion the Food-for-Freedom program of the Agricultural Commission of the American Bankers Association. F. E. Decker, chairman, New York State Bankers Association Committee on Agriculture, presided. Bankers were asked to do three things: (1) acquaint themselves with the A.B.A. program; (2) to visit every bank in their respective counties, explain the Food-for-Freedom program, and ask each bank to delegate a contact man; and (3) hold a Food-for-Freedom meeting in each county. Speakers included: Otis A. Thompson, chairman, A.B.A. Agricultural Commission, Norwich, N. Y.; Dr. Van B. Hart, Extension Specialist in Farm Management, New York State College of Agriculture, Ithaca; and W. J. Kinnaman, Second Federal Reserve District Food-for-Freedom program leader, Flemington, N. J. In the photograph above key bankers were asked to face the camera; Mr. Kinnaman is on the speakers' dais.

Sixteen past presidents of Fort Wayne (Ind.) Chapter, A.I.B., were honored with gold pin awards at the chapter's annual banquet. Arthur H. Gertz, chapter president, presided and Attorney Edwin R. Thomas made the awards. Seated, left to right, Messrs. Schack, Dannenfelsner, McDonald, Sheimann and Jones; standing, Messrs. Cothrell, Overmyer, Mullen, Widenhofer, Flowers, Feiertag, DeVille, Kruse. Messrs. Hitzeman, Pfeiffer and Klingenberg are not shown in the picture.



"Inflation—Cause, Effect and Possible Control" was the topic of Dr. Paul F. Cadman, economist of the A.B.A., before a forum meeting of St. Louis Chapter, A.I.B., left, below. John L. Laskey, chairman, District No. 5, Forum-Seminar Committee, presided

Walter B. French, manager, A.B.A. Consumer Credit Department, right, below, speaking on consumer credit in the emergency at the University of Minnesota, St. Paul



Modernized Defense Housing

ABNER H. FERGUSON, *FHA Commissioner, addressed the recent A.B.A. credit clinic in New York on the subject of modernization loans and defense housing. Here are excerpts from his talk.*

FHA has had the opportunity of sponsoring a new type of credit. Through constant education, the advantages of modernization credit have been widely advertised by the building industry and have been put into effect by progressive lending institutions.

This type of credit, like rubber and like sugar, must now be used with discretion. The production of arms requires many of the materials ordinarily used in housing. Financing these arms will require more than half of the national income. FHA believes that repair work for purely luxury purposes must be postponed. But we do not believe that the nation's homes should be allowed to go to ruin through neglect.

I have already sent an announcement to all qualified Title I lending institutions that hereafter the insurance facilities of Title I should be available only for loans the proceeds of which are to be used either in defense areas to create additional dwelling units suitable for defense workers or to maintain existing properties in a habitable condition.

CONGRESS has seen great possibilities for creating additional defense housing through repairs and remodeling and has thus extended the period of Title I operations with an increase in the maximum amount of insurable loans and the period of repayment. This phase of the FHA program should, we believe, provide many urgently needed housing units for production workers.

Creating additional housing by repairing and remodeling existing structures appears to be a particularly fortunate method of contributing to the solution of this difficult war housing problem. Large old houses in established residential sections are apt to be only partially utilized. Many of the families for which they were built have grown up and moved away. There

probably are many such structures which today have half or even less of their usable space occupied. In addition, there are many homes in newer sections which are adapted to having new living quarters added.

Converting existing old houses into apartments will make available the most housing for the least money and will provide housing through the use of private capital—thus doing away with the need for much direct expenditure of government funds at a time when the war effort will, in all probability, be costing the taxpayer four billion dollars a month.

Housing can be provided more quickly through remodeling than in any other way. It can be created at less cost than in any other way. It can be made available with the use of less material which is vital for defense purposes. It can be created with less dislocation of our mortgage structure than in any other way.

Utilizing existing structures to the utmost will accommodate many workers without approaching the point of overbuilding and creating new houses that will have no use after the emergency and will constitute a definite menace to real estate values.

In order to encourage owners of these large old houses to convert them into apartment houses for defense workers, the amendments of last June permit the FHA to insure loans ranging from \$2,500 to \$5,000 for the conversion of old houses into apartments for defense workers.

When priorities were first announced for the construction industry, repair and maintenance, particularly in defense areas, topped the list and received the highest rating.

READITIONAL construction in America from now on until we achieve victory will be more and more confined to housing projects for war workers. It is essential that private capital account for as much of this construction and remodeling as possible, both to save the Government effort and expense and to maintain its own well-being.

MODERNIZATION—a story in two pictures

Before



After



COURTESY GENERAL ELECTRIC
BANKING

ORGANIZATIONS AFIELD

JOHN J. McCANN reports on activities of bankers' organizations.

Minute Men

SINCE 1925, through county federations, the ILLINOIS BANKERS ASSOCIATION has sponsored a town guard plan in which local citizens are organized as vigilante corps to prevent attempts at bank robbery. These units have been well equipped with arms and ammunition by local banks. Competitive shoots have made them expert marksmen. Experience and cooperation with state and national law enforcing agencies qualify them to cope with crime in any form. Just recently, the association offered the unit—more than 1,000 strong in 57 counties—to Colonel T. R. Gowenlock, coordinator of police agencies, as a nucleus for a citizens' organization of Minute Men. Saboteurs beware!

Public Relations

THE ENTIRE public relations organization built up on a nation-wide basis over a period of two years by the INVESTMENT BANKERS ASSOCIATION OF AMERICA is henceforth to devote its energy to furthering the sale of Defense Bonds. According to a recent announcement by President John S. Fleek, the organization of key men is galvanizing the 17 geographical association groups for action. It was explained that this move was in addition to the part I.B.A. is contributing to the cooperative efforts of all the associations interested in the investment securities business: The National Association of Security Dealers, the Association of Stock Exchange Firms, the New York Stock Exchange and the I.B.A., as recently announced by the Treasury Department.

Score Board

NEBRASKA JUNIOR BANKERS ASSOCIATION has a good idea. It is working on a score board to measure the cooperation of banks in the sale of Defense Bonds and Stamps to give proper credit to the active, aggressive workers—and so stimulate those not going "all-out" in local drives. This thought has a real publicity angle. The individual worker can talk in more timely terms of community and state totals—not be forced to quote individual figures. The greater the impression of activity, the more impressive to the prospect. While the local banker is busy upping his own score, some recognition is also due him.

Agricultural Credits

MISSOURI BANKERS ASSOCIATION publishes an interesting report on competitive farm agencies within the state as studied by the committee on agricultural credits. Facts are based on a membership questionnaire which asked: (1) What government lending agencies are considered competitive, the basis and the extent of competition; (2) methods taken to counteract this

situation. The report analyzes 246 member bank replies and sets forth recommendations on cultivating better relations, adjusting loan services to meet local conditions and improving generally the spirit of farm cooperation. It advises, in short, an intelligent, forceful public relations policy with especial consideration of moderate service charges.

All-Out

THROUGH ANNUAL spring group meetings, the ALABAMA BANKERS ASSOCIATION renews its pledge of all-out cooperation in the defense effort with continued aggressive promotion of defense and other government securities, and through active assistance to farmers in producing "food for freedom." To speed action on these resolves, the association moved meeting schedules ahead this season, and created an innovation by inviting both farm and industrial leaders to attend local meetings.

War Theme

THE RECENT three-day convention conference, sponsored by the OKLAHOMA BANKERS ASSOCIATION and the University of Oklahoma's College of Business Administration was themed to a war-effort program. Headliners included three talks on economics interpreting the reconstruction period. Willard E. Atkins, New York University, discussed "Current Business Developments" and "War and Post War Changes"; Dr. J. O. Downey, Chief of staff GMC, New York, analyzed "America's Role in the Post War World"; and Dean Arthur B. Adams spoke on "Inflation, Present Signs, Future Developments, Effects and Way Out." Other speakers lectured on various phases of bank service and management with objectives trained on the current situation. This conference is "a school with all social functions eliminated."

Priorities

CALIFORNIA BANKERS ASSOCIATION defines the "significance of priorities to banks" in a recent bulletin edited by new Assistant Manager Oscar R. Mennenga, late of the OPM. As matters now stand, the only channel available to commercial banks seeking a priority rating with respect to repairs or maintenance materials, new supplies and equipment is the PD-1a (formerly PD-1) application for preference rating. But, as the report points out, approval for the purchase of new equipment and supplies will probably depend upon whether expansion of existing facilities is involved, in which case benefit to the war production program will be a contributing factor. In view of the circumstances, the report recommends an application procedure under PD-1a. In summarizing the conclusions of a recent San Francisco priorities clinic, the report urges members to follow an outlined procedure to help manufacturers and metal working shops keep in touch with their nearest contract distribution branch.

Dear Banking

To the Editor:

Detroit, Michigan

Inasmuch as the American Bankers Association convention is to be held in Detroit next September, we thought you and the A.B.A. member banks would be interested in the public relations program we've just completed for the banks of Michigan. Our theme was national defense and we made an all-out effort to promote the sale of Defense Bonds and Stamps. We had approximately 350 banks participating and estimate that 100,000 people passed through the banks.

First, we had a series of employee meetings throughout the state. We engaged two speakers. . . . This was rather a new experiment in customer relations and the results were most gratifying.

The talks were highly inspirational. The main idea was to tell the employees how they might better themselves in the field of banking. Both speakers gave constructive suggestions on how the employees can help merchandise bank services through giving better service to customers, leaving with them the thought that "whether one is a messenger boy or the cashier of a bank, to the public he is the bank and everything he says or does reflects on the bank."

The second section of our program was known as "Know Your Bank Week." To start it off we had an employee ad-writing contest.

I am enclosing the two winning ads, for which we gave two prizes—a two-person, all-expense trip and a one-person all-expense trip to the M.B.A. convention in June. When we considered that these ads were non-professional and that the contest was open only to those under the rank of assistant cashier, we felt that the results were good and I know that many of the banks uncovered potential advertising and publicity men.

NOBEL D. TRAVIS
Public Relations Committee
Michigan Bankers Association

Mr. Travis also reports that "outside of the city of Detroit we had an attendance of 2,914 bank employees. In Detroit each bank and trust company held its own meeting, with a combined attendance of 3,500, bringing the total to approximately 6,500." The program was publicized through state-wide newspaper announcements, radio broadcasts, advertisements, etc., and talks before civic groups. The picture at left of page shows some of the publicity given the M.B.A. "Know Your Bank Week" last year. Several panels of similar material, including publicity coverage of the association's "Coming Generation Week," were shown at the M.B.A. convention last June.



The Gold Star mother, left above, was among the visitors at the Commonwealth Bank during "Know Your Bank Week." The young ladies are bank staff members

One of the winning advertisements in the employee ad-writing contest preceding "Know Your Bank Week"

Suppose THERE WERE NO BANKS

Imagine Every Transaction Carried on with Cash.
No Checks—Local, Dividend or Foreign
No place for systematic saving
No Individual Loans on Property, Collateral or Character
No Loans for Stores, Industry or Business
No Deposit Boxes for Safeguarding of Valuables
No Depository for Surplus Funds to be Dispensed for the Benefit of the Community, State and Nation
These Are But a Few Bank Functions
This Great National Emergency Demands that the People of America Stand Shoulder to Shoulder, Indivisible and Unconquerable

A small portion, below, of the newspaper publicity and bank advertising that accompanied last year's observance of "Know Your Bank Week"

BUY - DEFENSE - BONDS
Genesee County Savings Bank 
MEMBER FEDERAL DEPOSIT INSURANCE
(FLINT, MICH.)
Open House Night Feb. 5
KNOW-YOUR-BANK Week - February 5-7

KNOW YOUR BANK WEEK



BANKING

NEWS PAPER

Wartime Credit Is Theme of A.B.A. Chicago Clinic



The Food-for-Freedom Committee met with A.B.A. staff members at luncheon during the New York credit clinic. Head table, left to right, Deputy Manager A. G. Brown, President Koeneke, Committee Chairman Bailey, Agricultural Commission Chairman Thompson, Executive Manager Stonier.

Food-for-Freedom Committee Named

A Food-for-Freedom Committee of the American Bankers Association has been named by President H. W. Koeneke.

Headed by C. W. Bailey, president of the First National Bank, Clarksville, Tenn., the committee comprises 12 bankers, each representing a Federal Reserve district. The other members are:

Elford H. Morison, secretary-treasurer and trust officer, Wilton (Me.) Trust Company; William J. Kinnaman, cashier, Hunterdon County National Bank, Flemington, N. J.; John C. Truxal, vice-president and trust officer, Lancaster (Pa.) County National Bank; Paul M. Jones, assistant cashier, Old Phoenix National Bank, Medina, O.; Charles T. O'Neill, vice-president and trust officer, National Bank and Trust Company, Charlottesville, Va.; Kenneth J. McDonald, president, Iowa Trust and Savings Bank, Estherville, Ia.; W. W. Campbell, president, National Bank of Eastern Arkansas, Forrest

City, Ark.; R. M. DePuy, vice-president and manager, Northwest Security National Bank of Sioux Falls, Brookings, S. D.; F. S. Hurd, chairman, First National Bank, Broken Arrow, Okla.; E. L. Boston, vice-president, First National Bank, Angleton, Tex.; and Jesse W. Tapp, vice-president, Bank of America N.T. and S.A., San Francisco.

To each committeeman is given the responsibility of calling and conducting meetings in his Reserve district of the officials of the various state bankers associations, including the chairmen and members of their agricultural committees, officers of clearinghouse associations, and other representative bankers. The assistance of these association officers and chairmen and other bankers is to be sought in developing and putting into operation the part which local banks can play in financing and supporting the Food-for-Freedom program.

Banks in 14 States Are Invited to Informal Working Conference on Farm, Consumer, Commercial Loans

Expanding its series of banking clinics on wartime credit problems, the American Bankers Association will sponsor a credit clinic to be held at the Stevens Hotel in Chicago, April 15-17, for bankers in the Mid-West area, it is announced by Henry W. Koeneke, A.B.A. president, and president of The Security Bank of Ponca City, Okla.

The program will be similar to the one for the New York clinic, March 4-6. It features discussions of the three basic fields of bank credit, namely, agricultural credit, consumer credit and commercial credit, including defense lending, Mr. Koeneke said. A full day will be devoted to each of these phases of credit.

Banks included in the conference are those in Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. Banks in these states have received invitations to send representatives to the clinic and a large attendance is expected.

Informality a Feature

Informality will characterize the program, the object being to have a real working conference which will treat credit problems under wartime conditions by the clinical method.

Various aspects of the three basic forms of credit will be projected by speakers at the morning general sessions. Afternoon sessions will be broken down into smaller groups in which delegates will be urged to participate. Speakers and discussion leaders will include bankers, economists and government officials.

Dr. Paul F. Cadman, A.B.A. economist, will address the clinic the first evening. His subject is "New Fashions in

(CONTINUED ON PAGE 96)

Koeneke, Wiegman, Law Among A.I.B. Convention Speakers at New Orleans

David E. Simms, vice-president, American Institute of Banking, announces that H. W. Koeneke, president of the American Bankers Association, is among the general session speakers scheduled for the annual A.I.B. convention at New Orleans, June 8-11. Mr. Koeneke will speak at the first session on June 9.

Mr. Simms, who is with the Salt Lake City branch of the San Francisco Federal Reserve Bank, is chairman of the convention program committee.

Dr. Fred C. Wiegman, president of Midland College, Fremont, Neb., and Francis Marion Law, president, First National Bank in Houston, Tex., and former A.B.A. president, will speak on the 9th and 11th, respectively.

Keehn W. Berry, president, Whitney National Bank and president, New Orleans Clearing House Association, will make the welcoming address to the delegates on behalf of the banks of New Orleans.

Public Speaking Theme

"Banks and Changing Credit Conditions" is the general theme announced for the participants in the annual public speaking contest, the finals of which will be held in New Orleans on the evening of June 8.

"Idle Bank Funds—Causes and Effects Upon Commercial Banking" is the topic to be discussed in the local elimination speaking contests. The district contest theme has not been announced at the time of going to press. Winners in the district meets are awarded round trip fares to the convention, plus \$100 for expenses.

The four winners in the final contest will receive awards of \$500, \$300, \$200, and \$100 from the A. P. Giannini educational endowment fund established in 1926 by A. P. Giannini, chairman of the board, Bank of America, N.T. & S.A., San Francisco. The subject for discussion at the final meet is not announced until the morning of the contest.

Dale Graham, of the Na-



David E. Simms

tional Bank of Commerce, New Orleans, is chairman of the local convention arrangements committee. A. E. Roemershauser, of the Whitney National Bank, president of the New Orleans chapter, is assisting Mr. Graham.

G.S.B. Faculty Alumni Meet in New York Apr. 11

The annual organization meeting of the faculty of The Graduate School of Banking of the American Bankers Association, and the annual reunion of the alumni of The Graduate School of Banking will be held at the Manhattan Club in New York City on April 11, it is announced by Dr. Harold Stonier, director of The Graduate School.

The faculty meeting is a conference for a study of plans for the resident session of the school which will be held at Rutgers University, New Brunswick, N. J., from June 15-27 of this year.

The reunion of the alumni will consist of a series of afternoon conferences on various aspects of commercial banking, investments, savings banking, and trusts, followed by a dinner in the evening at which the faculty members will be invited guests. The reunion this year will mark the fifth anniversary of the class of 1937 and will be in charge of David C. Barry, vice president of the Lincoln-Alliance Bank & Trust Company, Rochester, N. Y., as chairman of the committee in charge.

A.I.B. Simplifies Its Study Group Plan

Class instruction is available to all bank employees under the simplified study group plan recently adopted by the Executive Council of the American Institute of Banking. The new plan permits as few as two bank employees to organize a study group, provided they obtain an instructor who can meet the requirements of the Institute's national educational director.

The study group, as previously organized, was a miniature chapter, having articles of association, a charter, officers and committees. In the simplified group, there is one local contact man between the study group and the national office. He may be the instructor or a bank officer.

Groups May Convert

Study groups now in existence, if they have 50 or more members, may convert into regular chapters or retain their group status with the simpler organization. Groups with smaller memberships automatically come under the new plan.

Chicago Clinic Speakers Listed

(Continued from page 95)

Credit—Fundamentals Do Not Change."

At the second evening meeting there will be a panel, "Our War Economy," with the faculty of the economics department at The Graduate School of Banking, as participants. These men are: Dr. William A. Irwin, assistant director of the School; Profs. Willard E. Atkins and A. A. Friedrich, New York University; and Montfort Jones, University of Pittsburgh.

The same economists discussed the "Our War Economy" subject at the New York credit clinic, where a large audience heard them.

Attendance at the Chicago meetings, it is expected, will be substantial. Among the prominent bankers scheduled to be present are general officers of the Association.

Missouri Gains 3rd Councilman

Reaches 500 Mark in A.B.A. Members

The American Bankers Association received 427 new members during the first six months of its year, compared with 395 for the first half of the previous year.

February, the latest month for which statistics were available when BANKING went to press, brought 40 new members, 10 more than in the same month of 1941.

Also, Missouri reached the 500 mark in A.B.A. members and thereby qualified a third representative on the Association's Executive Council. Membership work in Missouri is under the leadership of Leo D. Kelly, state vice-president and vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis and Membership Committeeman R. L. Dominick, vice-president, Traders Gate City National Bank, Kansas City.

Among the individual state records, Thomas H. Riley, Jr., of Brunswick, Me., state vice-president, sent in five members, leaving only four to be obtained by Maine to make it 100 per cent in membership.

State Vice-presidents John H. Crocker of Illinois, Frank R. McGeoy, Jr., of Mississippi, and Eugene Fish of Texas each obtained four new members in February.

Oklahoma, under State Vice-president Frank L. Alban, moved two members nearer 100 per cent standing and was within nine of the goal.

A Correction

Mr. Riley found errors in reports of A.B.A. membership activity in the January and March BANKINGS. He was credited with 43 new members whereas 41 was correct; appearance of the First National Bank of Pittsfield, Me., and the Unity branch of the Federal Trust Co. in both lists accounted for the extra banks. Also, the Bank at Howland is a branch of the Lincoln Trust Co. instead of the Casco Bank & Trust Co.

Agricultural Commission Makes Report on Its Rating Program

Two States Join Banker-Farmer A.B.A.HonorList

Ohio, Nebraska at 1,000-Point Goal

With two states—Nebraska and Ohio—stepping to the front in agricultural activities for 1940, there are now 30 states that have reached the goal set up by the Agricultural Commission of the A.B.A. in an effort to evaluate the large amount of constructive work being done by country banks in the interest of agriculture and agricultural credit.

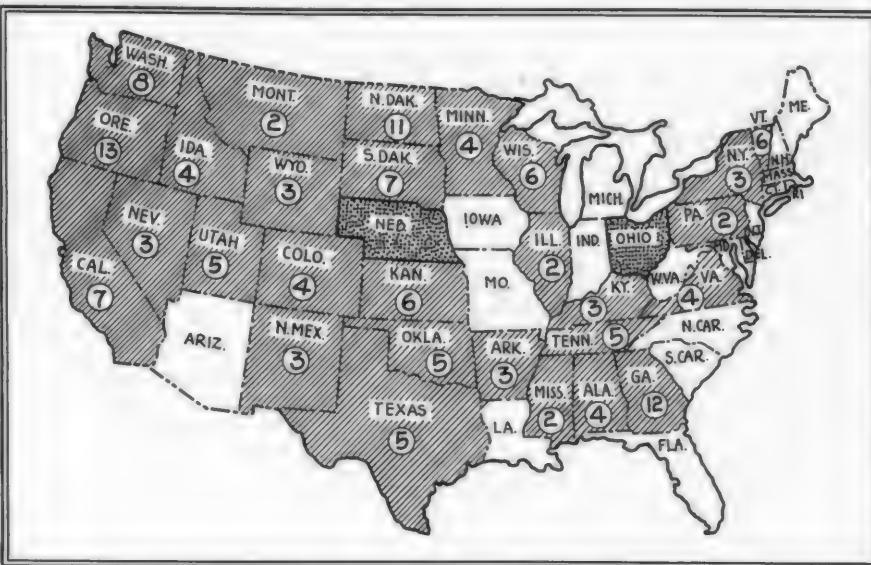
The bankers' agricultural programs of both Nebraska and Ohio have been functioning effectively for a number of years, and the reports sent in contain items that indicate the definite and vital part which these activities have played in the economic and social life of the different communities.

Honor Certificates

As a result of this attainment, the state bankers associations of Nebraska and Ohio will be awarded an honor certificate at the Spring meeting of the Executive Council.

Nebraska:—The program sponsored by the Agricultural Committee was designed to focus attention on ways in which individual bankers could contribute their time and experience toward farm and community betterment and provide the leadership for projects looking toward a more profitable and permanent agriculture.

Nebraska bankers have taken considerable pride and interest in 4-H Club boys and girls. They have advocated better livestock of all kinds; soil and water conservation, particularly water; a diversified farm program that would include garden products. The bankers have been urged to use more extensively the many services of their State College of Agriculture and keep informed on farm planning and management problems.



The figures are the number of years a state has had the highest rating. New states are dotted. All states, but one, that have previously made the honor record have maintained it. California did not solicit reports from members this year because of the demands being made upon bankers by the war.

The secretary of the Nebraska Bankers Association, realizing that the bankers were reluctant to answer questionnaires, designed a tally sheet to supplement reports received. By telephone, personal visits and letters, he received a wealth of material. "In fact," says Secretary Hughes, "the mass of information well nigh swamped me."

Ohio:—A distinguishing feature of banker-farmer work in Ohio, has been the close tie-up with the Extension Service of the State College of Agriculture. The plan used to help keep bankers informed on latest developments in agricultural research, farm management, and farm credit procedure, was a regular distribution of bulletins pertaining to these subjects. County credit surveys, timely economic information, farm accounting and the use of farm account books, farm legislation, both state and national, were subjects covered by these bulletins. Bankers so informed have been in position to perform a most constructive service to their farming communities.

Ohio bankers have shown particular interest in Future Farmers of America and 4-H

Club activities. They have been successful in adapting their many services to the needs of the agricultural community.

The report of the resolutions committee at the Ohio association's last convention said: "There is a natural mutual

benefit to be derived when the banker and the farmer recognize the contribution each can make to the other's success.

"It is only when cordial and useful understanding exists between these two vital local influences that agricultural financing is at its best."

Banker-Farmer Projects

A tabulation of activities for all states reveals there were 359,125 farm people encouraged and sponsored in various farm improvement projects; various other activities such as awarding scholarships, prizes, paying expenses of farm young people to fairs or encampments, addressing agricultural meetings, carrying agricultural bank advertising, and goodwill visits to farms, totaled 125,325; expenditures by banks for sponsoring agricultural and home improvement—\$221,513.08.

Bankers generally responded well to the questionnaire submitted to them; 53 per cent of the country banks included in the rating program sent in reports.

Of the total reports received: 66 per cent indicated aggres-

sive search for agricultural loans; 62 per cent were adjusting maturities to farmers' income periods; 40 per cent were adjusting rates to meet competition of other agencies; 27 per cent were adjusting rates to preferred credit risks; 58 per cent were checking to determine whether farm loans were being paid out of current income.

Farm Credit Men

Also, 1,169 banks reported employing a man with farm experience and agricultural training on a part-time basis to develop farm credit, and 911 banks were employing such a man full time.

Thirty-four per cent of the banks reported placing enterprising farmers on their directorates.

Censorship Regulation on Use of A.B.A. Code to Canada, Mexico

In order to comply with the United States cable and censorship regulations issued by the Office of Censorship with the approval of the President, the Association requested and received permission to use the American Bankers Association Code (ABACO) in member bank communications between the United States and Canada and between the United States and Mexico.

This permission was granted with the understanding that the code would not be used for the exchange of routine operating information, but only for imperative financial transactions incident to and necessary in the transaction of commercial business between member banks, i.e., only for those matters which it would be wholly impracticable to transmit by authorized commercial codes.

Defense Lending Survey Started

The sixth quarterly survey of defense and war production lending by commercial banks is being undertaken by the A.B.A. Bank Management Commission.

It will cover the first quarter of 1942. Questionnaires covering the necessary data have

been sent to 500 banks throughout the country.

New Manual Coming

An "Accounts Receivable Financing" manual is being prepared by the Consumer Credit Department of the A.B.A. and will be ready for distribution in about a month.

Banker in Wartime Is Ad Copy Theme

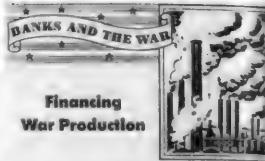
The statement of the Economic Policy Commission of the American Bankers Association, entitled "The Banker in Wartime," is being adapted for a variety of bank uses by the A.B.A. Advertising Department.

A series of 52 newspaper advertisements has been produced to give emphasis to the various points covered in the statement. The series is so arranged that banks may use the advertisements once, twice, or more often each week.

A 13½ x 19½" red, white and blue plaque, suitable for window or lobby display, also embodies the statement. It has a laminated cellophane covering to prolong its usefulness.

The department also has prepared a small red, white and blue folder, containing "The Banker in Wartime" for distribution by banks to customers.

A five-column news mat, car-



Financing War Production

FROM all sides the cry is "More ships! More planes! More tanks!" But America has learned that the miracle of mass production is not accomplished over night. It requires planning, building, tooling up—and financing. You can help by saving and investing—and because it has been going smoothly, America's banks have been on the job every minute taking care of the credit needs in their communities, advancing the billions needed to get production rolling. This bank is on the alert for every opportunity to lend.



Food for Freedom

YOU'll hear more and more about the government's "Food for Freedom" program as the war progresses. It is a plan for assuring ample supplies of food to meet the needs of America and its allies in the war, and to feed the world after the war is over. It is an undertaking of tremendous proportions, a challenge to American agriculture, and an opportunity for service for America's banks. Later in this series we will discuss this program and deal specifically with the ways that banks are helping make it a success.

rying the statement, is available for group advertising.

CONVENTIONS

Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.

American Bankers Association

Apr. 15-17	Bank Credit Clinic, Stevens Hotel, Chicago
Apr. 19-22	Spring Meeting, Executive Council, French Lick Springs Hotel, French Lick, Indiana
June 8-11	American Institute of Banking, New Orleans
June 15-27	The Graduate School of Banking, Rutgers University, New Brunswick, New Jersey
Sept. 27-Oct. 1	Annual Convention, Book-Cadillac Hotel, Detroit

State Associations

Apr. 10-11	Florida, San Carlos Hotel, Pensacola
Apr. 27-28	Louisiana, Edgewater Gulf Hotel, Edgewater Park, Mississippi
May 4-6	Arkansas, Arlington Hotel, Hot Springs
May 7-8	Oklahoma, Tulsa
May 8-9	North Carolina, The Carolina Hotel, Pinehurst
May 11-13	Mississippi, Hotel Buena Vista, Biloxi
May 11-13	Missouri (place not decided)
May 13-14	South Carolina, Columbia Hotel, Columbia
May 13-14	Indiana, Claypool Hotel, Indianapolis
May 13-15	Kansas (place not decided)
May 14-15	Alabama, Jefferson Davis Hotel, Montgomery
May 14-16	New Jersey, Traymore Hotel, Atlantic City
May 18-20	California, Hotel Del Monte, Del Monte
May 19-20	Tennessee, Knoxville
May 20-21	Ohio, Hotel Statler, Cleveland
May 20-22	Illinois, St. Louis, Missouri
May 20-22	Pennsylvania, Traymore Hotel, Atlantic City
May 21-22	Maryland, Lord Baltimore Hotel, Baltimore
May 21-23	Massachusetts, New Ocean House, Swampscott
May 22-23	New Mexico, La Fonda Hotel, Taos
May 24-26	New York State, Hotel Astor, New York City
May 25-27	District of Columbia Bankers Association, Columbia Country Club, Chevy Chase, Maryland
May 26-28	Texas, Gunte Hotel, San Antonio
June 3-5	South Dakota, Cataract Hotel, Sioux Falls
June 5-6	Idaho, Sun Valley
June 5-6	Virginia, Roanoke Hotel, Roanoke
June 8-9	Oregon, Hotel Baker, Baker
June 11-12	Washington, Davenport Hotel, Spokane
June 12	West Virginia, Daniel Boone Hotel, Charleston
June 12-13	North Dakota, Dickinson

Other Organizations

June 12-13	Utah, Bryce Canyon
June 16-18	Wisconsin, Hotel Schroeder, Milwaukee
June 18-19	Michigan, Book-Cadillac Hotel, Detroit
June 18-20	Montana, Yellowstone National Park
June 22-23	Wyoming, Sheridan, Elks' Home
June 26-28	Maine, Poland Spring House, Poland Spring
July 8-10	Minnesota, Hotel Duluth, Duluth

Apr. 2-3	Maine Bankers Study Conference, Brunswick
Apr. 7	Wisconsin Banking Conference, University of Wisconsin, Madison
Apr. 7-8	Indiana Bankers Farm Clinic, Purdue University, LaFayette
Apr. 9-10	Sixth Pacific Northwest Conference on Banking, Pullman, Washington
Apr. 20-22	American Industrial Bankers Association, Edgewater Beach Hotel, Chicago, Illinois
Apr. 23-25	Eastern Regional Conference, National Association of Bank Auditors and Comptrollers, Hotel Warwick, Philadelphia, Pennsylvania
Apr. 25	Association of Reserve City Bankers, The Greenbrier, White Sulphur Springs, West Virginia
Apr. 27-30	U. S. Chamber of Commerce, Stevens Hotel, Chicago
May 6-8	National Association of Mutual Savings Banks, The Waldorf-Astoria, New York City
May 8-9	North and South Carolina Bankers Conference, Chapel Hill, North Carolina
May 21-23	Mid-Continent Regional Conference, National Association of Bank Auditors and Comptrollers, President Hotel, Kansas City, Missouri
May 21-23	National Safe Deposit Association, Minneapolis
May 27	New Jersey Savings Banks Association, Montclair Golf Club, Verona
May 29-30	Arkansas Junior Bankers, Fort Smith
June 5-6	New Hampshire Bank Management Conference, Amherst Tuck School, Dartmouth College, Hanover
Sept. 10-12	Savings Banks Association of Maine, Mount Washington House, Bretton Woods, New Hampshire
Sept. 17-19	Savings Banks Association of Massachusetts, New Ocean House, Swampscott
Sept. 23-25	Savings Banks Association of State of New York, The Waldorf-Astoria, New York City
Oct. 7-10	National Association of Bank Auditors and Comptrollers, Hotel Roosevelt, New York City

SECURITY FOR POLICYHOLDERS

A PLAIN STATEMENT
of the UNQUESTIONED FINANCIAL STRENGTH which
protects the Policyholders of the Companies of the

COMMERCIAL UNION GROUP



One of the foremost Capital Stock Fire, Marine and Casualty Insurance Organizations in the World writing practically all kinds of Insurance and Bonds, except Life.

UNITED STATES RESOURCES DECEMBER 31, 1941

		* TOTAL ADMITTED ASSETS	RESERVE FOR LIABILITIES	POLICY-HOLDERS * SURPLUS	SECURITIES DEPOSITED AS REQUIRED BY LAW	MARKET VALUES * (see note below)	
						ADMITTED ASSETS	POLICY-HOLDERS SURPLUS
	Commercial Union Assurance Company Ltd.† <small>ESTABLISHED 1861</small>	\$14,857,695	\$7,954,903	\$6,902,792	\$1,034,448	\$14,950,364	\$6,995,461
	The Ocean Accident & Guarantee Corp., Ltd.† <small>ESTABLISHED 1871</small>	19,235,622	13,485,163	5,750,459	919,184	19,524,680	6,039,517
	American Central Insurance Company <small>ESTABLISHED 1853</small>	7,342,662	2,969,939	4,372,723	396,603	7,454,828	4,484,889
	The British General Insurance Company Ltd.† <small>ESTABLISHED 1904</small>	1,320,601	511,590	809,011	639,381	1,392,674	881,085
	The California Insurance Company <small>ESTABLISHED 1864</small>	5,126,379	1,892,528	3,233,851	343,207	5,264,070	3,371,942
	Columbia Casualty Company <small>ESTABLISHED 1920</small>	9,316,134	5,321,415	3,994,719	691,726	9,362,786	4,041,371
	The Commercial Union Fire Ins. Co. of N.Y. <small>ESTABLISHED 1890</small>	2,951,791	1,197,599	1,754,192	287,884	2,983,314	1,785,715
	The Palatine Insurance Company Limited† <small>ESTABLISHED 1886</small>	3,136,192	1,304,921	1,831,271	636,052	3,234,017	1,929,096
	Union Assurance Society Limited† <small>ESTABLISHED 1714</small>	2,608,871	1,304,277	1,304,594	640,610	2,661,130	1,356,854

†U. S. Branch

*If all Bonds and Stocks owned were valued on the basis of December 31, 1941 Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the columns at the right.

HOME OFFICES • ONE PARK AVENUE • NEW YORK, N. Y.

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1941

THE 95th Annual Report of the Pennsylvania Railroad Company covering operations for 1941 will be presented to the stockholders at the annual meeting on April 14, 1942. Operating revenues increased \$136,447,755 or 28.6% over 1940. Operating expenses increased \$104,222,597 or 30.8%. Taxes increased \$22,274,360 or 50.8%. Net income was \$52,383,958 an increase of \$11,608,128. Surplus was \$48,414,588, equal to 7.4% (\$3.68 per share) upon the outstanding Capital Stock (par \$50) as compared with 5.6% (\$2.80 per share) in 1940.

	OPERATING RESULTS	INCREASES OR DECREASES OVER
	1941	1940
TOTAL OPERATING REVENUES WERE.....	\$614,041,163	I \$136,447,755
TOTAL OPERATING EXPENSES WERE.....	442,677,275	I 104,222,597
LEAVING NET REVENUE FROM RAILWAY OPERATIONS OF.....	171,363,888	I 32,225,158
TAXES AMOUNTED TO.....	66,159,548	I 22,274,360
HIRE OF EQUIPMENT AND JOINT FACILITY RENTS WERE.....	8,101,852	D 652,204
LEAVING NET RAILWAY OPERATING INCOME OF.....	97,102,488	I 10,603,002
INCOME FROM INVESTMENTS AND OTHER SOURCES WAS.....	*41,663,095	I 365,787
MAKING GROSS INCOME OF.....	138,765,583	I 10,968,789
FIXED CHARGES, CHIEFLY RENTALS PAID TO LEASED ROADS, AND INTEREST ON THE COMPANY'S DEBT.....	86,381,625	D 639,339
LEAVING NET INCOME OF.....	52,383,958	I 11,608,128
APPROPRIATIONS TO SINKING AND OTHER FUNDS, ETC.....	3,969,370	I 90,205
SURPLUS.....	\$ 48,414,588	I \$ 11,517,923

*Includes dividend of \$5,000,000 (par value) in securities received from Pennsylvania Co.

Dividends aggregating 4% (\$2.00 per share) were paid during 1941, compared with 3% (\$1.50 per share) in 1940.

The Board takes pleasure in acknowledging the continued efficiency and loyalty of all the employes during this period of great national stress. We know that they will continue to do their full share in meeting the additional heavy responsibilities that have now been placed upon them.

M. W. CLEMENT, President

THE PENNSYLVANIA RAILROAD

SHIP AND TRAVEL VIA PENNSYLVANIA

*Stockholders can obtain copies of the Annual Report from
J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa.*



Your Life Insurance in Wartime

IN TIME OF WAR, the security underlying your life insurance takes on a new meaning. More than ever before, security for the family is paramount.

While supporting that security, your life insurance dollars, invested in Government Bonds, are helping to buy planes, tanks, ships, guns, and all the other implements of war. Thus your life insurance dollars are helping to safeguard American lives and liberties.

At the end of 1941, Metropolitan had a total of \$1,214,931,424.25 invested in United States Government Bonds... about 22% of the Company's assets. In addition,

\$104,982,562.49 was invested in Canadian Government Bonds.

In both the United States and Canada, life insurance dollars are helping to finance your defense housing, transportation facilities, the production of power, and the industries which are pouring out the steel, chemicals, oil, food, munitions, and other materials needed for the war. Each month more and more of your life insurance dollars are flowing from the channels of peace into investments that serve war uses and war industries.

Because of public appreciation of life insurance, increased efficiency of our

agents, and the better national income during 1941, lapses and surrenders were at the lowest rate recorded in the Company's history.

In fulfilling its obligations to policyholders during 1941, Metropolitan paid or credited to policyholders and their beneficiaries more than \$567,900,000. Of this amount, more than \$383,700,000 was paid or credited to living policyholders.

Metropolitan is a mutual company. Its assets are held for the benefit of its policyholders and their beneficiaries. In the meantime, these assets are, as always in the past, being used to help meet national needs.

BUSINESS REPORT FOR THE YEAR ENDING DECEMBER 31, 1941

(In accordance with the Annual Statement filed with each State Insurance Department.)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS		ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS	
Policy Reserves Required by Law	\$4,909,535,985.79	National Government Securities	\$1,319,913,986.74
This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.		U. S. Government	\$1,214,931,424.25
Dividends to Policyholders	109,974,302.00	Canadian Government	104,982,562.49
Set aside for payment in 1942 to those policyholders eligible to receive them.		Other Bonds	2,091,311,142.34
Funds for Future Payment Under Supplementary Contracts	166,485,627.70	U. S. State and Municipal	92,949,983.75
Policy proceeds from death claims, matured endowments and other payments which beneficiaries and policyholders have left with the Company to be paid out to them in future years.		Canadian Provincial and Municipal	102,808,619.82
Dividends Left with the Company	26,574,405.52	Railroad	554,581,646.59
Amounts of dividends, and interest thereon, left on deposit with the Company.		Public Utilities	801,409,204.15
Policy Claims Currently Outstanding	24,247,909.86	Industrial and Miscellaneous	539,561,688.03
Amount of claims in process of settlement, and estimated amount of claims that have occurred but have not yet been reported to the Company.		Stocks	82,191,836.00
Other Policy Obligations	18,218,374.00	All but \$128,323.00 are Preferred or Guaranteed.	
Including premiums paid in advance, etc.		First Mortgage Loans on Real Estate	955,324,104.05
Taxes Due or Accrued	12,914,533.00	Farms	88,382,977.02
Includes estimated amount of taxes payable in 1942 on the business of 1941.		Other Property	866,941,127.03
Reserve for Mortgage Loans	11,000,000.00	Loans on Policies	486,834,916.35
To provide against possible depreciation in value of such loans.		Made to policyholders on the security of their policies.	
Miscellaneous Liabilities	21,011,915.49	Real Estate Owned	407,190,758.93
Other liabilities not included above.		Includes Housing Projects, and real estate for Company use.	
TOTAL OBLIGATIONS	\$5,299,963,053.36	Cash	152,218,269.31
		Premiums	92,276,856.92
		Included in determining Policy Reserves, but not yet received.	
		Interest and Rents Due and Accrued, etc.	60,785,325.43
		TOTAL ASSETS TO MEET OBLIGATIONS	\$5,648,047,196.07

SURPLUS FUNDS \$348,084,142.71

The Company holds total assets which exceed the total of its obligations by \$348,084,142.71, for the purpose of giving added assurance that all benefits to policyholders and beneficiaries will be paid in full as they fall due. This amount is composed of

Special Surplus Funds . . . \$7,190,000.00 **Unassigned Funds (Surplus) . . . \$340,894,142.71**
and serves as a cushion against possible unfavorable experience, whether due to economic conditions or unexpected claims.

NOTE—Assets carried at \$256,949,853.57 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

Metropolitan Life Insurance Company

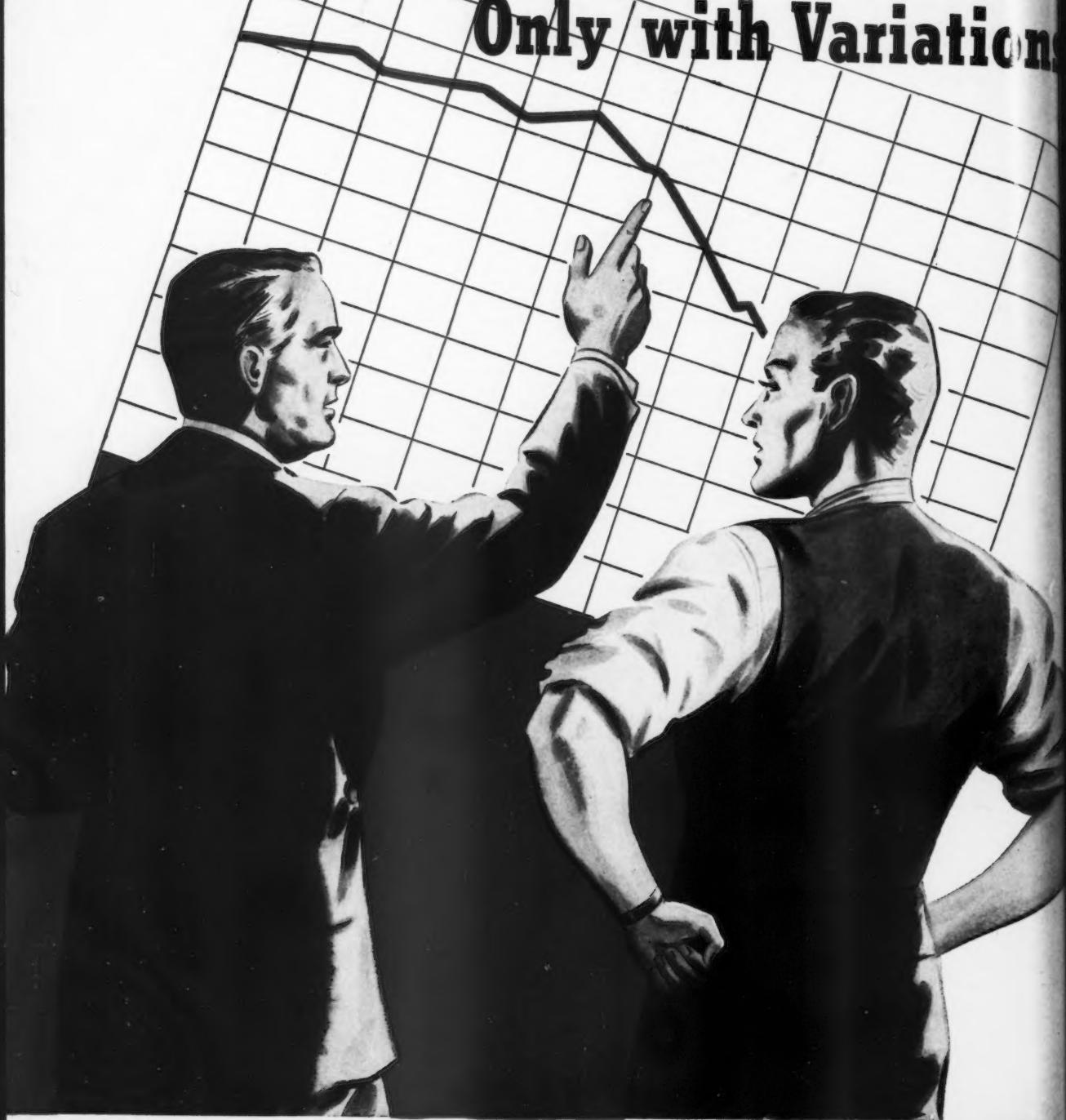
FREDERICK H. ECKER, Chairman of the Board

(A MUTUAL COMPANY)

LEROY A. LINCOLN, President

1 Madison Avenue, New York, N. Y.

A Good Manager Concerns Himself Only with Variations



GEORGE S. MAY COMPANY

CHICAGO
May Building
2600 North Shore Ave.

NEW YORK
Chanin Building
122 East 42nd Street

CANADA: George S. May, Ltd., 320 Bay St., Toronto

OFFICES IN OTHER PRINCIPAL CITIES

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